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ANNUAL REPORT

of the Secretary of the Treasury
on the State of the Finances



Annual Report
of the
Secretary of the Treasury
on the
State of the Finances

For the Fiscal Year Ended June 30, 1966



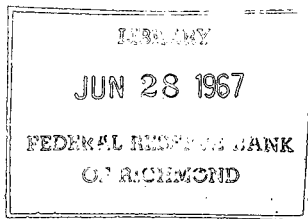
TREASURY DEPARTMENT

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Secretary

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Term of service		Official
From	To	
		<i>Secretaries of the Treasury</i>
Jan. 21, 1961 Apr. 1, 1965	Apr. 1, 1965 -----	Douglas Dillon, New Jersey. Henry H. Fowler, Virginia.
		<i>Under Secretary</i>
Apr. 29, 1965	-----	Joseph W. Barr, Indiana.
		<i>Under Secretary of the Treasury for Monetary Affairs</i>
Feb. 1, 1965	-----	Frederick L. Deming, Minnesota.
		<i>General Counsels</i>
Nov. 16, 1962 Apr. 12, 1966	Jan. 31, 1965 -----	G. d'Andelot Belin, Massachusetts. Fred B. Smith, Maryland.
		<i>Assistant Secretaries</i>
Apr. 24, 1961 Dec. 20, 1961 Sept. 18, 1963 Apr. 29, 1965 Sept. 14, 1965 Aug. 2, 1966	----- Sept. 1, 1965 ----- June 10, 1966 ----- -----	Stanley S. Surrey, Massachusetts. James A. Reed, Massachusetts. Robert A. Wallace, Illinois. Merlyn N. Trued, New Jersey. W. True Davis, Jr., Missouri. Winthrop Knowlton, New York.
		<i>Special Assistant to the Secretary (for Enforcement)</i>
Sept. 16, 1965	-----	David C. Acheson, District of Columbia.
		<i>Deputy Under Secretaries of the Treasury for Monetary Affairs</i>
Dec. 3, 1963 Nov. 24, 1965	Nov. 23, 1965 -----	Paul A. Volcker, New Jersey. Peter D. Sternlight, New York.
		<i>Fiscal Assistant Secretary</i>
June 15, 1962	-----	John K. Carlock, Arizona.
		<i>Assistant Secretary for Administration</i>
Sept. 14, 1959	-----	A. E. Weatherbee, Maine.

¹ For officials from Sept. 11, 1789, to Jan. 20, 1965, see the 1965 annual report exhibit 69, pp. 449-457.

PRINCIPAL ADMINISTRATIVE AND STAFF OFFICERS OF THE TREASURY DEPARTMENT AS OF DECEMBER 5, 1966

Secretary of the Treasury.....	Henry H. Fowler
Special Assistant to the Secretary.....	Douglass Hunt
Under Secretary of the Treasury.....	Joseph W. Barr
Special Assistant to the Under Secretary.....	Mark A. Weiss
Under Secretary for Monetary Affairs.....	Frédéric L. Deming
Deputy Under Secretary for Monetary Affairs.....	Peter D. Sternlight
Director, Office of Domestic Gold and Silver Operations.....	Leland Howard
Director, Office of Financial Analysis.....	John H. Auten
Director, Office of Debt Analysis.....	Edward P. Snyder
Assistant to the Secretary (Debt Management).....	R. Duane Saunders
Deputy Assistant to the Secretary (Debt Management).....	Lawrence Banyas
General Counsel.....	Fred B. Smith
Deputy General Counsel.....	Roy T. Englert
Assistant General Counsel.....	Charlotte Tuttle Lloyd
Assistant General Counsel.....	Milan C. Miskovsky
Assistant General Counsel.....	Hugo A. Ranta
Assistant General Counsel.....	Donald L. E. Ritger
Chief Counsel, Foreign Assets Control.....	Stanley L. Sommerfield
Director of Practice.....	William H. Sager
Assistant Secretary.....	Stanley S. Surrey
Deputy Assistant Secretary.....	Melvin I. White
Director, Office of Tax Analysis.....	Gerard M. Brannon
Tax Legislative Counsel.....	Jerome Kurtz
Special Assistant for International Tax Affairs.....	Richard O. Loengard, Jr.
Assistant Secretary.....	Robert A. Wallace
Special Assistant to Assistant Secretary.....	Thomas W. Wolfe
Director, Employment Policy Program.....	Mrs. Mary F. Nolan
Assistant Secretary.....	W. True Davis, Jr.
Deputy Assistant Secretary.....	James P. Hendrick
Aide to the Assistant Secretary.....	Commander G. H. Patrick rick Bursley, USCG
Special Assistant to the Assistant Secretary.....	Matthew J. Marks
Assistant Secretary.....	Winthrop Knowlton
Deputy Assistant Secretary.....	John R. Petty
Deputy to Assistant Secretary for International Monetary Affairs.....	George H. Willis
Deputy to Assistant Secretary for International Financial and Economic Affairs.....	Ralph Hirschtritt
Special Assistant to the Secretary (for Enforcement).....	David C. Acheson
Staff Assistant.....	Robert E. Jordan, III
Staff Assistant.....	Anthony A. Lapham
Director, Office of Law Enforcement Coordination.....	Arnold Sagalyn
Fiscal Assistant Secretary.....	John K. Carlock
Deputy Fiscal Assistant Secretary.....	George F. Stickney
Assistant Fiscal Assistant Secretary.....	Hampton A. Rabon, Jr.
Assistant to Fiscal Assistant Secretary.....	Boyd A. Evans
Assistant to Fiscal Assistant Secretary.....	Sidney Cox
Assistant Secretary for Administration.....	A. E. Weatherbee
Deputy Assistant Secretary for Administration and Director, Office of Budget and Finance.....	Ernest C. Betts, Jr.
Director, Office of Planning and Program Evalua- tion.....	Benjamin Caplan
Director, Office of Personnel.....	Amos N. Latham, Jr.
Director, Office of Management and Organization.....	J. Elton Greenlee
Director, Office of Administrative Services.....	Paul McDonald
Director, Office of Security.....	Thomas M. Hughes

Assistant to the Secretary (Congressional Relations).....	Joseph M. Bowman, Jr.
Deputy Assistant to the Secretary (Congressional Relations).....	Joseph L. Spilman, Jr.
Assistant to the Secretary (Public Affairs).....	James F. King
Deputy Assistant to the Secretary (Public Affairs).....	Frank O'Brien, Jr.
Assistant to the Secretary (National Security Affairs).....	Charles A. Sullivan
Deputy Assistant to the Secretary (National Security Affairs).....	Raymond J. Albright
National Security Affairs Adviser.....	Robert G. Efteland
Financial Adviser.....	Robert W. Bean
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Senior Consultant.....	Seymour E. Harris
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Deputy Comptroller (International Banking and Finance)-----	E. R. Park
Deputy Comptroller (FDIC Affairs)-----	Albert J. Faulstich
Director, Department of Banking and Economic Research-----	Victor Abramson
Chief Counsel-----	Robert Bloom
Chief National Bank Examiner-----	F. H. Ellis

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Deputy Treasurer.....	William T. Howell
Assistant Deputy Treasurer.....	Willard E. Scott

Commandant, U.S. Coast Guard.....	Admiral Willard J. Smith
Assistant Commandant.....	Vice Admiral Paul E. Trimble
Chief of Staff.....	Rear Admiral M. A. Whalen

National Director	William H. Neal
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Director	James J. Rowley
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Assistant Director (Protective Forces)	Rufus Youngblood
Assistant Director (Protective Intelligence)	Walter Young

Chairman, Treasury Management Committee.....	A. E. Weatherbee
Chairman, Treasury Awards Committee.....	Amos N. Latham, Jr.
Chairman, Treasury Wage Board.....	Amos N. Latham, Jr.
Employment Policy Officer.....	Robert A. Wallace
Principal Compliance Officer.....	Robert A. Wallace

•ORGANIZATION OF THE DEPARTMENT OF THE TREASURY•

December 1, 1966

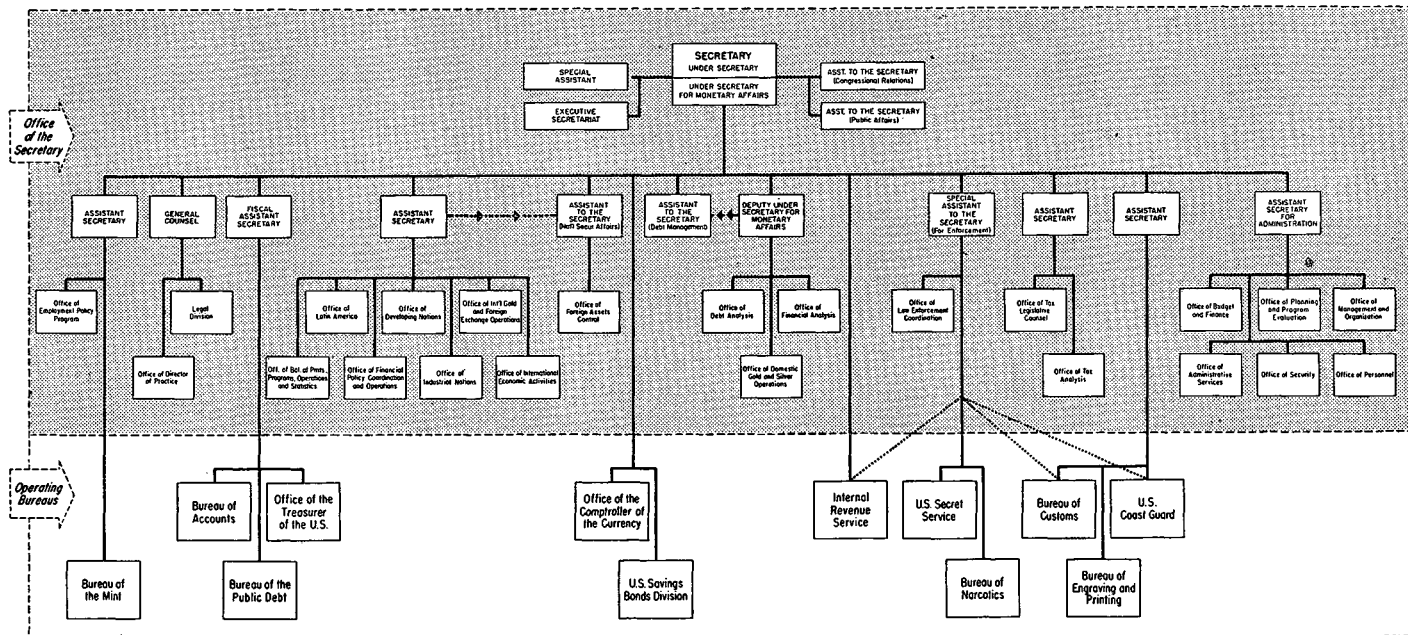


CHART 1

ANNUAL REPORT ON THE FINANCES

TREASURY DEPARTMENT,
Washington, March 1, 1967.

SIRS: I have the honor to report to you on the finances of the Federal Government for the fiscal year 1966. The main text of this report consists of a detailed review of Treasury fiscal operations and administrative reports of the offices under my supervision during the fiscal year 1966, along with supporting exhibits and statistical material. This brief general introduction reviews the major fiscal and financial developments that have taken place since the time of my last report in early 1966.

Overall Review

During the calendar year 1966, the Federal finances were strengthened by a sixth successive year of economic expansion. Gross national product—our most comprehensive measure of economic activity—increased by more than 8½ percent over 1965, reaching a rate of about \$760 billion by the fourth quarter of 1966. After allowance for rising prices, the advance in gross national product between 1965 and 1966 was nearly 5½ percent.

In contrast to the 1961–65 period, prices rose appreciably during 1966. But, by yearend, the price situation was much improved. Wholesale prices had fallen back from the peaks reached in late summer and the rate of increase in consumer prices had slackened. The year-to-year increase in consumer prices was slightly less than 3 percent, far less than the 8 percent between 1950 and 1951 during early stages of the Korean defense buildup, and even less than the 3½ percent between the peacetime years 1956 and 1957. Nonetheless, an early restoration of the 1961–65 pattern of cost-price stability is a major policy objective.

Despite the direct and indirect impact of Vietnam on the U.S. balance of international payments, the 1966 results were encouraging. On the liquidity basis, the deficit was estimated near \$1.4 billion, only slightly above the \$1.3 billion deficit in 1965. On an official reserve transactions basis, our international accounts actually recorded a small surplus, the first since the accounts have been kept on this basis. The 1966 gold loss was cut more than 50 percent relative to 1965. And, during 1966, significant progress was made toward strengthening the international monetary system.

Domestically, the period under review was one of difficult but successful transition. A year ago, the economy had reached virtual full employment and faced the task of meeting the requirements of a rapidly expanding defense effort. Therefore, a measured shift in economic policy from stimulus to restraint was essential. On the fiscal side, that shift was reflected in the movement of the Federal budget on national income account from deficit in the second half of calendar 1965 into sizable surplus during the first half of calendar 1966. On the monetary side, a shift in policy was signaled by the Federal Reserve's December 1965 increase in the discount rate. Monetary restraint, at first reflected primarily in rising interest rates, led to a sharp reduction in the pace of credit expansion after mid-1966.

The shift to a more restraining economic policy helped to relieve much of the industrial price pressure induced by the heavy demands of the defense buildup and business capital spending programs. Growth in total demand was brought into reasonable correspondence with growth in productive potential by the second quarter of 1966, and the pace of expansion—as reflected in quarterly increments in gross national product—became more moderate than in late 1965 and early 1966. During the rest of the year, unemployment and industrial utilization rates were relatively stable and the rate of price increase began to taper off.

While the policy of overall restraint achieved its major objectives rather promptly, some strains and imbalances did develop during the course of the year. These primarily took the form of selective pressures on productive capacity and a growing imbalance in credit flows. By late summer, interest rates had reached their highest levels in four decades and steps had to be taken to insure the continued orderly functioning of financial markets.

With the announcement of the President's September 8 anti-inflationary program and the benefit of subsequent steps taken by the Congress and the financial regulatory agencies, a concerted easing of interest rates was set in motion. Temporary suspension of the investment tax credit and accelerated depreciation reduced selective pressures in certain areas of the economy and helped ease the strain on financial markets. The financial environment improved steadily throughout the balance of the year, aided by a shift toward monetary ease set in motion by the Federal Reserve during the autumn.

The heaviest burden of adjustment during the year fell on the home-financing and residential-construction sectors. Rising interest rates and aggressive competition for savings led to a sharp contraction in the availability of mortgage funds. Net savings flows to savings and loan associations and mutual savings banks in 1966 were only

about one-half as great as in 1965 and loan commitments were cut back sharply. Tight money and competing demands for funds also reduced the flow of money into mortgage markets from insurance companies and commercial banks. Because of the sharp reduction in the availability of mortgage funds, residential construction activity fell off substantially. By late summer and early fall, the seasonally adjusted rate of new private housing starts had fallen by about one-third.

A range of special measures was taken to ease the burden of adjustment in home financing and residential construction. Liberal advances by the Federal Home Loan Bank System and an expanded scale of mortgage purchases by the Federal National Mortgage Association helped cushion the financial impact of monetary stringency. Congressional legislation provided an extra potential of \$4.8 billion for FNMA operations. In addition, legislation enabled the financial regulatory authorities to set maximum rates with greater flexibility on time and savings accounts. This dampened the aggressive competition for savings which had been contributing to an overall escalation of interest rates and to the shunting of funds away from the mortgage markets. By the end of 1966, savings flows to thrift institutions were improving and a revival of residential construction activity was in prospect.

It is a major objective of economic policy during 1967 to restore the balanced character of the expansion while keeping the economy moving ahead steadily and safely. This would mean a rate of growth in real output somewhat below that averaged in recent years, and nearer to the 4 percent or so estimated to be the current growth potential of the economy at full employment. Very high real rates of growth—averaging more than 5 percent during the current expansion—have been achieved by putting to productive use not only new capacity and new entrants into the labor market, but also idle capacity and the unemployed. With most of this slack removed, the economy's rate of growth would increasingly come to depend almost entirely upon the rate of growth, in quantity and quality, of new capacity and new manpower.

The importance of insuring a smooth transition from cyclical expansion to balanced growth at full employment had been well appreciated prior to mid-1965, and policies were consciously shaped to facilitate just such a transition. But, with the intensification of hostilities in Vietnam, the transition to a full employment economy was further complicated by the need to expand defense production at an accelerating rate. Two separate, but related, adjustments in the growth and pattern of output were taking place in the latter part of 1965 and throughout much of 1966. The economy was adjusting to the

growth constraint imposed by the attainment of near full employment at the very time that an increasing proportion of extra output was being shifted to military use.

Under the circumstances, economic policy faced a new and difficult situation, requiring the flexible adaptation of policy tools. It was obviously essential to moderate the pace of the economy to avoid serious inflationary pressures, and signs that this objective was being successfully achieved were apparent fairly early in the year. But, it was also essential—if the transition to a full employment economy were actually to be achieved—to avoid an excessive degree of total restraint during the period in which a concerted effort at monetary tightening was taking place. Therefore, a moderate degree of restraint was applied from the fiscal side. Supplemented by the selective anti-inflationary program announced in September 1966, this pattern of fiscal action was successful in averting the threat of excessive demand, while avoiding the much harsher restrictions that could have sent the economy on to a downward path.

As 1966 drew to a close, the economy had remained reasonably well on target. Between the second and fourth quarters of 1966, growth in gross national product in real terms was just a shade over 4 percent at an annual rate, and price pressures were moderating. Strains and imbalances had developed during the year, but seemed to be lessening, or in the process of removal, by yearend. All things considered, a difficult period of transition had been completed with remarkably few lasting difficulties. An economy, already nearing full employment, had met the demands of a sharply increasing defense effort without resort to controls, while a measured degree of restraint brought its overall rate of growth closely into line with its longer run potential.

Tax Policy

Late in 1965 the possible need for a shift toward fiscal restraint became increasingly apparent. The commitment to the defense of freedom in Southeast Asia would inevitably bring a substantial rise in defense expenditures. Business intentions to spend on plant and equipment, as revealed in private and official surveys, were showing unexpected strength, and other sources of demand were buoyant.

A major element of uncertainty was the amount and duration of the extra defense expenditures that would be required. This was an uncertainty which, by the nature of things, only the passage of time could resolve. Defense expenditures could only be projected on the basis of assumptions as to the intentions of our adversaries in Vietnam, and, obviously, any such assumptions were subject to error.

Because the required amount and duration of defense expenditures was inherently uncertain, the move to fiscal restraint was deliberately

of temporary character and limited in overall extent. Some restraint was to occur in any event in early 1966 through the increase in social security and medicare payroll taxes of \$6 billion, annual rate, going into effect January 1, 1966, with medicare payments not beginning until the second half of 1966. In addition, in his January 1966 budget message, President Johnson recommended the enactment of new tax legislation designed to raise additional revenues. These tax proposals were promptly considered by the Congress and enacted, essentially in their original form, as the Tax Adjustment Act of 1966.

The main elements in this program were the temporary restoration of the rates of excise taxes on automobiles and telephones that were in effect at the end of 1965, and the adoption of collection procedures putting income and self-employment taxes closer to a pay-as-you-go system. (For details of the legislation, see pages 36-43 of the accompanying report.) In terms of cash payments, the changes in the new law were estimated to take about \$2.7 billion out of the individual and corporate spending stream in calendar 1966.

In assessing the economic effectiveness of fiscal policy in 1966, the most meaningful record is in the surplus or deficit position of the Federal sector in the national income accounts. The administrative and cash budget positions, while important from some standpoints, do not provide an accurate reflection of current spending on the output of the economy. The shift toward fiscal restraint in early 1966 is clearly mirrored in the behavior of the national income budget. During the second half of 1965, the Federal budget on the national income accounts basis was running an average deficit of about \$1.4 billion, annual rate. As the new fiscal restraints went into effect, the national income budget swung into surplus, at an average annual rate of more than \$3 billion during the first half of 1966.

During the first half of 1966, with the swing into budget surplus, the overall advance of the economy slowed to a more sustainable pace. This moderated rate of advance continued in the third quarter—when the Federal budget on a national income basis moved to a small deficit position. While there was by this time no need for further measures of general fiscal restraint, there were developing pressures and imbalances which required selective action.

On September 8, President Johnson announced additional steps that were considered necessary to assure the continuing health and strength of the economy. These included: reduction in lower priority Federal expenditures, a proposed temporary suspension of the 7-percent investment tax credit and accelerated depreciation, and special efforts to lower interest rates and to ease the inequitable burden of tight money. (The favorable effect of these steps on the financial markets is described in a later section of this introduction.)

The temporary suspension of the investment tax credit was recommended because the combination of a rapidly expanding civilian economy and special defense needs made such a course compelling. This combination of circumstances was unique and quite unforeseeable at the time the credit was adopted and stress was put on its permanent character. Temporary suspension, rather than repeal, of the investment credit was the appropriate action, since the investment credit continues to be regarded as a valuable, permanent structural component of the tax system. Prompt congressional action followed, along the lines of the President's recommendations, and the special investment incentives were temporarily suspended under the terms of Public Law 89-800, effective October 10, 1966. Under the law, the suspension remains in effect through December 31, 1967.

During 1966, there had been a significant shift away from the stimulative fiscal policies of earlier years. As President Johnson had noted in his January 24, 1966, budget message:

"Tax policy, however, must be used flexibly. We must be equally prepared to employ it in restraint of an overly rapid economic expansion as we were to use it as a stimulus to a lagging economy."

In 1966, tax policy responded flexibly and effectively. Through the shift from a stimulative fiscal policy to one of moderate restraint, \$10 billion of excess purchasing power was siphoned off during calendar year 1966:

- \$6 billion through increased payroll taxes for social security and medicare.
- \$1 billion through restored excise taxes.
- \$1 billion through graduated withholding of individual income taxes.
- \$1 billion through the speedup in corporate tax payments.
- \$1 billion through an administrative acceleration of tax payments.

By late 1966, it became clear that many of the heavy pressures on the economy had abated. Although unemployment remained low, construction, particularly housing, was declining. In addition, sales and production increases slowed, larger inventory increases occurred, and surveys indicated a slower growth of investment. Consequently, it appeared that during the first half of 1967 there would be a need to complement a continuation of monetary ease with a moderate degree of fiscal support.

By the second half of 1967, however, the economy is expected to be in much less need of any fiscal push. On current estimates, Federal expenditures for Vietnam and other defense outlays, as measured in the national income accounts, would rise by another \$5.8 billion in

the fiscal year beginning July 1967. Therefore, the President's fiscal program for calendar 1967 has been carefully designed to provide maximum flexibility. The President has recommended a 6-percent surcharge on both corporate and individual income taxes to be effective at midyear and to last for 2 years or for so long as the unusual expenditures associated with our efforts in Vietnam continue. The revenue effect of the proposed surcharge would increase calendar year 1967 tax liabilities by \$2.8 billion—\$1.9 billion individual and \$0.9 billion corporate. In calendar year 1968, tax liabilities would be increased by \$5.8 billion—\$3.9 billion individual and \$1.9 billion corporate. In addition, legislation is recommended to provide a further acceleration of certain corporate tax payments commencing in calendar 1968.

In view of the mixed behavior of economic indicators in late 1966 and early 1967, the prudent course would be to maintain a maximum degree of flexibility to meet unforeseen developments. It appeared, however, that the moderate tax increase the President had proposed would be consistent with the needs of the economy in order to prevent any resurgence of inflationary pressures. Furthermore, that increase would meet the fiscal 1968 increase in defense costs, keep the cash and administrative deficits within reasonable bounds, and provide extra leeway for a continued easing of money and credit, giving some insurance against a return to the monetary stringency of 1966.

Balance of Payments

By mid-1965, the goal of balance-of-payments equilibrium seemed to be within sight. Since then, the Vietnam conflict has, of course, had a significant adverse impact. There has been a direct impact in the form of a higher deficit on defense account in the balance of payments. And there has been an indirect impact primarily in the form of larger imports. Despite these extra drains, there was no significant widening of the deficit during 1966. Although the attainment of equilibrium has been delayed, certain underlying forces continued to help the United States in bringing its foreign exchange transactions into sustainable equilibrium in more normal circumstances.

In calendar 1966, the balance-of-payments deficit on the liquidity basis was at \$1.4 billion, about \$100 million above the 1965 deficit. (Detailed discussion of balance-of-payments results, through the first half of calendar 1966, will be found in the accompanying report, pages 50–55.) This relatively small increase in the deficit should be viewed in the perspective of a much greater increase during the year in the direct-foreign-exchange costs associated with Vietnam, and an additional increase in indirect-balance-of-payments cost resulting from higher defense spending at home.

On the official-reserve-transactions basis, there was a 1966 surplus of \$0.3 billion, compared to a deficit of \$1.3 billion in 1965, and deficits of \$1.5 billion and \$2 billion in 1964 and 1963, respectively. (The liquidity balance is measured by changes in U.S. reserve assets and in liquid liabilities to all foreign residents and international organizations. The official-reserve-transactions balance differs from the liquidity balance by excluding changes in liquid dollar holdings of private foreigners, and including changes in certain of our nonliquid liabilities to foreign official institutions which are not part of the liquidity deficit.)

The surplus on the official-reserve-transactions basis in 1966 was due to some extraordinary factors which are not likely to be present to the same degree in 1967. There were heavy borrowings from abroad by U.S. banks and a consequent accumulation of liquid-dollar claims by foreign commercial banks, including foreign branches of U.S. banks. This reflected the very tight credit situation in this country and the unsettled condition of sterling during part of the year. Under more ordinary circumstances, a larger proportion of these dollars might have been expected to move into official hands.

Gold losses during 1966 amounted to \$571 million in contrast to \$1,665 million in 1965, including a \$259 million payment in connection with an increase in IMF quotas. The overall reserve loss in 1966—gold, convertible currencies, and IMF gold tranche position—was \$568 million in contrast to \$1.2 billion in 1965. Despite the surplus on the official-reserve-transactions basis in 1966, our net reserve position showed a decline, due mainly to continued heavy conversions of gold by France during the first 8 months of the year.

In very broad terms, the 1966 payments results featured a worsening in the trade and military expenditure accounts offset by unusually large receipts of foreign capital. On trade account, nonmilitary exports for the year were \$29.2 billion, up more than 11 percent from 1965. This was a substantially greater percentage rise than in any of the past 5 years, except for 1964. But imports rose to \$25.5 billion, up almost 19 percent from 1965. As a result, the merchandise trade surplus narrowed by \$1.1 billion, averaging \$3.7 billion for 1966 as a whole.

The large advance in imports appeared to be primarily due to:

- the rapid rise in gross national product.
- near-capacity operation in some sectors of the economy, and selected shortages of skilled labor.
- a high level of military orders for specialized items.
- certain special situations such as that arising from the elimination of duties on automobiles produced in Canada under the recent U.S.-Canadian auto agreement.

With the economy moving ahead at a more moderate pace and selective pressures reduced, imports were expected to grow more slowly in 1967. While a longer period of time would be needed to establish any trend, it was encouraging that by the end of 1966 imports were reflecting the slower rate of GNP growth that began in the second quarter. On the export side, the U.S. competitive position appeared to have been maintained. However, in order to insure progress toward a balanced payments position, an early return to the 1961-65 pattern of cost-price stability is essential.

Data on capital flows during 1966 are not yet complete. Available information suggests that the outflow of U.S. private capital apparently continued at roughly the 1965 level of about \$3½ billion, compared to a range of \$4½ to \$6½ billion in the years 1963 and 1964. This showing undoubtedly reflected the tight credit situation in the United States during 1966; but it also reflected the sharpening and reinforcement for 1966 of the voluntary cooperation program for business corporations and financial institutions.

The major change in 1966 was a large increase in receipts of foreign capital. In the long-term area, there were investments of over \$400 million by international lending institutions in long-term certificates of deposit and in U.S. agency issues, and investments of over \$700 million by foreign official agencies in long-term certificates of deposit. Tighter monetary conditions domestically also induced an unusually large accumulation of liquid dollar holdings by private foreigners, mainly banks, including foreign branches of U.S. banks. Much of this accumulation reflected the borrowing abroad by U.S. banks during the period of monetary tightness in this country.

Extension and reinforcement of the voluntary restraint programs for corporate investment abroad and for foreign lending abroad was announced in December 1966. The overall balance-of-payments objective in 1967 is to continue to move toward balance-of-payments equilibrium as fast as the continuing foreign exchange costs of Vietnam would permit. In his Economic Report to the Congress in January 1967, President Johnson made additional recommendations designed to promote the achievement of that objective. The President's recommendations included:

1. Extension of the Interest Equalization Tax, in strengthened form, to July 31, 1969. Under the proposed legislation, the President would be given the authority to vary the level of tax rates so that the effective annual interest cost to foreign borrowers in the United States could be increased by an amount ranging from zero to approximately 2 percent.

2. Establishment of a special industry-Government task force to make specific recommendations as to how best to stimulate and encourage foreign travel in this country.

3. Continuation and expansion of Export-Import Bank lending authority to support the expansion of exports, and efforts, in cooperation with other countries, to develop better means of sharing the costs of common defense and foreign assistance efforts.

4. Stimulation of exporters' interest in supplying foreign markets, enlistment of the support of the financial community in attracting foreign investment in the United States, and encouragement of further development of foreign capital markets.

It was widely recognized that the capital account of the U.S. balance of payments was unlikely to benefit as much during 1967 as it had in 1966 from the inflow of foreign capital. On the other hand, the U.S. trade surplus was expected to improve substantially from its 1966 level. In general, the amount of further progress that could be made in 1967 toward equilibrium seemed likely to depend upon the direct and indirect impact that the Vietnam effort would be exerting upon the balance of payments.

International Financial Arrangements

A summary of a wide range of developments in international financial affairs through mid-1966 will be found in the text of this report (pages 56-71). The coverage here will be limited to brief comment on the major developments during the year in the area of improved international financial arrangements.

During the past year, the process of international balance-of-payments adjustment was examined in depth by representatives of 10 major industrial countries, and the results of this work were made public in a report by Working Party 3 of the OECD. The report pointed to the extremely complex character of the adjustment process under modern conditions and stressed the need for strengthened tools to carry out national economic policies. It emphasized the responsibility of both surplus and deficit countries for proper international adjustment and the special need for international consultation in the field of monetary policy to avoid undesirable levels of interest rates. In recognition of the latter objective, I met in early 1967 with the Finance Ministers of the United Kingdom, West Germany, France, and Italy to determine how interest rate policies might be better coordinated, and particularly to deescalate interest rates on an international scale.

In his Economic Report, the President directed attention to the significant progress made during 1966 toward strengthening the international monetary system. Early in the year, the enlarged quotas of the International Monetary Fund became effective, raising its total resources by a little more than 25 percent to a total of over \$20 billion.

Also, the supplementary resources which the Fund may call upon under the General Arrangements to Borrow were extended for an additional 4-year period, beginning October 1966. Finally, the network of bilateral swap arrangements between monetary authorities of the United States and other leading countries was enlarged from a total of \$2.8 billion to \$4.5 billion. Taken together these actions have broadened and strengthened the credit facilities that may be called upon to meet payments imbalances.

In addition to strengthening existing arrangements, negotiations went forward during 1966 toward agreement on a contingency plan for the adequate and orderly growth of world monetary reserves. The first major step was to reach a wide consensus on basic principles for creating reserves, as set forth in the Report of the Deputies of the Group of Ten leading industrial countries, in July 1966, and the Ministerial Communique of July 26, 1966. The other major step during the year was the broadening of the negotiations to include all members of the IMF through joint meetings between representatives of the Group of Ten major industrial countries and the Executive Directors of the IMF. The first joint meeting was held in Washington at the end of November, and the second took place in London on January 25 and January 26, 1967. The outlines of a contingency plan were beginning to emerge and it was hoped that the major provisions and structure of a specific plan would become sufficiently clarified for them to be presented to the annual meeting of the IMF Board of Governors in Rio de Janeiro in September 1967.

Debt Management

Debt management operations during the first two-thirds of calendar 1966 were conducted within a market environment in which extraordinarily heavy private demands for credit were pushing against an increasing degree of monetary restraint.

The heavy credit demands of 1966 came mainly from the private sector. Business borrowing, especially, made huge claims on the capital markets. For the year as a whole, net debt and equity issues of corporations came to an estimated \$12½ billion, while business borrowing from banks rose \$10 billion. State and local debt rose \$7 billion, and mortgage debt by \$25 billion, although this was \$5½ billion less than in 1965. Federal credit demands on the private sector (netting out purchases by the Government investment accounts and the Federal Reserve) came to just \$3 billion, as a \$2 billion decline in Treasury issues in the hands of the public partly offset the \$5 billion increase in Federal agency debt and participation certificates.

Throughout the first two-thirds of the year, key interest rates pushed steadily higher. From early December 1965—just before

the discount rate rise—to the August–September 1966 peaks, 3-month Treasury bills rose by nearly $1\frac{1}{2}$ percentage points and long-term issues also rose substantially. New issues of AA-rated corporate bonds rose about $1\frac{1}{2}$ percentage points, reaching almost 6% percent. The commercial bank prime lending rate also rose $1\frac{1}{2}$ percent. Yields on new municipal bonds advanced about three-fourth percent. Rates on conventional new home mortgages as reported by FHA also rose about three-fourth percent, and the availability of funds to the mortgage market was drastically reduced.

The announcement of the President's September 8 anti-inflationary program and prompt action by the Congress and the financial regulatory agencies led to a much better financial environment. Credit became more readily available and interest rates receded rapidly from their peaks. Despite some interruptions, the downward trend in interest rates continued into the early part of 1967. As part of the September 8 program, it was decided to reduce substantially the contemplated offerings of participation sales and Federal agency securities and to hold those offerings to a minimum for the remainder of calendar year 1966. Credit demands by Federal agencies had led to \$5 billion of new agency borrowing in the first half of calendar 1966. Temporarily, the absorptive capacity of the markets for further agency issues and participation certificates had been strained. But with the return of an improved market atmosphere, Federal agencies were able to borrow on much more attractive terms in early 1967 and the marketing of participation certificates was resumed.

The Treasury's own cash needs in the last half of calendar 1966 were met through additions to regular bill issues and sales of tax anticipation bills. (A detailed review of public debt management and ownership developments during fiscal 1966 is provided on pages 19–36 of the accompanying report.) Following an August 1966 refunding operation, the Treasury invited tenders on August 11 for \$3 billion in tax anticipation bills. Additional auctions of tax bills consisted of \$3.5 billion offered in early October and a further \$800 million issued in early December. Improving market conditions contributed to a highly successful November refunding operation to retire \$4.1 billion in issues maturing November 15. As market conditions improved further in early 1967, the Treasury was able to conduct a \$7.5 billion refunding operation at the lowest interest rates offered in refunding a coupon issue since November 1965.

HENRY H. FOWLER,
Secretary of the Treasury.

TO THE PRESIDENT OF THE SENATE.

TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

REVIEW OF FISCAL OPERATIONS

Summary of Financial Operations

Net administrative budget receipts for fiscal 1966 totaled \$104.7 billion (\$11.7 billion over 1965). Net administrative budget expenditures for the year amounted to \$107.0 billion (\$10.5 billion over 1965). The administrative budget deficit for 1966 was \$2.3 billion (compared with \$3.4 billion for 1965 and \$8.2 billion for 1964).

Net trust receipts for the year amounted to \$34.9 billion (\$3.8 billion above 1965). Net trust expenditures also amounted to \$34.9 billion (\$5.2 billion above 1965).

On a consolidated cash basis, total receipts from the public for 1966 were \$134.5 billion, and total payments to the public were \$137.8 billion—an excess of payments to the public of \$3.3 billion.

Gross public debt outstanding was \$319.9 billion at June 30, 1966, an increase of \$2.6 billion from June 30, 1965. The Government's fiscal operations in fiscal years 1965-66, and their effect on the public debt are summarized as follows:

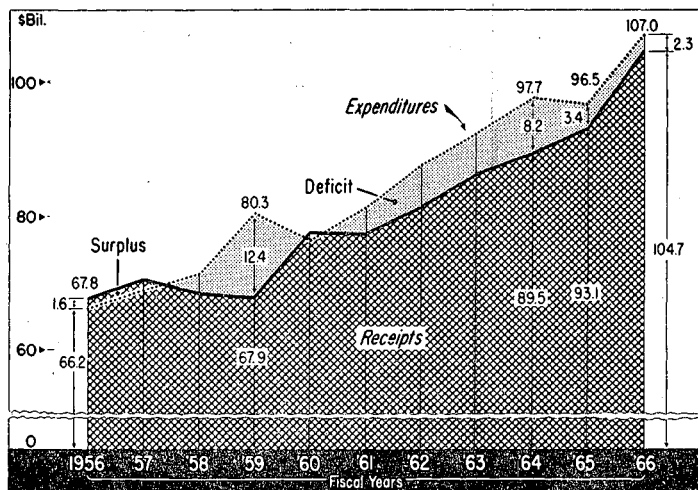
	In billions of dollars	
	1965	1966
Administrative budget receipts and expenditures:		
Net receipts (—).....	-93.1	-104.7
Net expenditures.....	96.5	107.0
Administrative budget deficit.....	3.4	2.3
Trust receipts and expenditures:		
Net receipts (—).....	-31.0	-34.9
Net expenditures.....	29.6	34.9
Excess of trust receipts (—), or expenditures.....	-1.4	(*)
Net investments in public debt and agency securities.....	2.4	3.6
Net sales (—) of Government agency securities in the market.....	-1.4	-4.1
Increase (—), or decrease in checks outstanding, deposits in transit (net), etc.....	.9	.9
Increase (—), or decrease in public debt interest accrued.....	-.1	.1
Change in cash balances, increase, or decrease (—):		
Treasurer's account.....	1.6	-.2
Held outside Treasury.....	.2	.1
Net increase in cash balances.....	1.8	-.1
Increase in public debt.....	5.6	2.6

*Less than \$50 million.

Administrative Budget Receipts and Expenditures

CHART 2

The Administrative Budget



Receipts

The increase of \$11.7 billion in net administrative budget receipts during fiscal 1966 brought the total to \$104.7 billion, thus marking the fifth successive year in which new peaks have been established. The overall rise occurred despite the impact of reduced individual and corporate income tax rates under the Revenue Act of 1964 and reduced excises under the Excise Tax Reduction Act of 1965. The bulk of the income tax reduction went into effect early in the calendar year 1964 and the remainder on January 1, 1965. Excise tax repeals on a broad scale went into effect on June 22, 1965, and January 1, 1966. On the other hand, receipts were bolstered in fiscal year 1966 by the revenue raising provisions of the Tax Adjustment Act of 1966.

Economic activity continued to expand throughout the fiscal year 1966 and tax receipts accompanied this general rise.

A comparison of net administrative budget receipts by major sources for the fiscal years 1965 and 1966 is shown below. Additional data for 1966 on the gross basis are presented in table 18.

Source	1965	1966	Increase, or decrease (—)
	In millions of dollars		
Internal revenue:			
Individual income taxes.....	48,792	55,446	6,654
Corporation income taxes.....	25,461	30,073	4,612
Excise taxes.....	10,911	9,145	—1,767
Estate and gift taxes.....	2,716	3,066	350
Total internal revenue.....	87,880	97,730	9,850
Customs duties.....	1,442	1,767	324
Miscellaneous receipts.....	3,749	5,231	1,481
Net administrative budget receipts.....	93,072	104,727	11,655

Individual income taxes.—Receipts from individual income taxes amounted to \$55.4 billion in fiscal 1966, accounting for 53 percent of total budget revenues and 57 percent of the year's increase. The net gain of \$6.7 billion reflected a higher percentage yield from generally rising incomes and occurred despite higher tax rates in the first half of fiscal 1965. Receipts in 1966 were bolstered by the graduated withholding system which went into effect on May 1, 1966, and by the change in the method of depositing withheld taxes beginning in June 1966.

Corporation income taxes.—Corporation income tax receipts rose to \$30.1 billion in fiscal 1966, \$4.6 billion above the previous year.

Collections from corporation income taxes depend primarily on the amount of corporation profits earned during the calendar year which ends within the fiscal year. However, with the acceleration of corporate payments required by the Revenue Act of 1964 and the further acceleration imposed by the Tax Adjustment Act of 1966, profits in the current year have become increasingly important. Corporation profits rose \$8.7 billion on a national account basis from calendar year 1964 to 1965. Tax receipts in fiscal 1966 were further bolstered by the speedups in estimated payments required under the two acts. Accelerated payments add to Government receipts in the fiscal years involved but do not effect the tax liabilities computed under the present rates.

Excise taxes.—Receipts from excise taxes are shown in the following table.

Source	1965	1966	Increase, or decrease (—)
	In millions of dollars		
Alcohol taxes.....	3,773	3,814	42
Tobacco taxes.....	2,149	2,074	—75
Taxes on documents, other instruments, and playing cards.....	186	146	—40
Manufacturers excise taxes.....	6,418	5,614	—804
Retailers excise taxes.....	513	108	—405
Miscellaneous excise taxes.....	1,786	1,603	—183
Undistributed depositary receipts and unapplied collections.....	—32	38	70
Gross excise taxes.....	14,793	13,398	—1,395
Less:			
Refunds of receipts.....	223	337	114
Transfers to highway trust fund.....	3,659	3,917	258
Net excise taxes.....	10,911	9,145	—1,767

Net excise tax receipts, after deduction of refunds and transfers to the highway trust fund, dropped to \$9.1 billion in fiscal year 1966, \$1.8 billion below the \$10.9 billion of collections in 1965. The drop in excise tax revenue resulted from the repeal of most of the excises, some effective June 22, 1965, and the remainder January 1, 1966. The phased reductions of the automobile and telephone excises were postponed under the Tax Adjustment Act of 1966 but the effect on fiscal 1966 receipts was minor.

The excises retained include those intended to impose a cost related to areas of particular Government service, such as gasoline, tires, fishing equipment, and firearms. The alcohol and tobacco taxes are retained as well as certain taxes which are regulatory in nature.

Estate and gift taxes.—Estate and gift tax collections reached \$3.1 billion in fiscal 1966, \$350 million larger than the year before. Since estate taxes are not payable until 15 months after death and the valuation of the estate is the lesser of the value at time of death or 1 year later, the rise reflected the strong upsurge in stock prices which began late in the calendar year 1962.

Customs.—Customs duties increased \$324 million during 1966 reaching a total of \$1.8 billion. This rise reflected a substantial increase in taxable imports accompanying the general rise in economic activity.

Miscellaneous receipts.—Miscellaneous receipts are the total of receipts by the Government of varied forms of income other than taxes. The total of \$5.2 billion received in the fiscal year 1966 was \$1.5 billion or 40 percent larger than in 1965. The net overall rise is a composite of divergent movements in the various forms of nontax receipts. Sales of Government property and products, dividends and other earnings, and seigniorage showed strong advances, offset in part by smaller realizations on loans and investments and lower interest receipts.

Estimates of receipts

The Secretary of the Treasury is required each year to prepare and submit in his annual report to Congress estimates of public revenue for the current fiscal year and for the fiscal year next ensuing (act of February 26, 1907 (5 U.S.C. 265)).

The estimates of receipts from taxes and customs for the current and succeeding fiscal years are prepared by the Treasury Department. In general, the estimates of miscellaneous receipts are prepared by the agencies depositing these receipts in the Treasury.

The estimates of receipts and the legislative and economic assumptions upon which they are based are the same as those presented in the budget message of the President on January 24, 1967.

The estimated revenue effects of the detailed proposals contained in the President's budget message are shown in the accompanying table. The revenues anticipated from these proposals are included in estimated receipts for fiscal years 1967 and 1968 on pages 9-10 below.

Estimated effect of proposed legislation on administrative budget receipts

	Fiscal year 1967	Fiscal year 1968
	In millions of dollars	
Income taxes:		
Proposed surcharge: ¹		
Individual income tax.....		3,400
Corporation income tax.....	190	1,300
Subtotal proposed surcharge.....	190	4,700
Accelerated corporation tax payments.....		800
Subtotal, income tax proposals.....	190	5,500
Excise taxes (transportation user charges):		
Transfer 2-percent tax on automobiles to beauty-safety trust fund.....		-400
Tax transportation of air freight at 2 percent.....		9
Tax fuels used in general aviation at 4 cents per gallon.....		11
Transfer aviation gasoline tax receipts from highway trust fund.....		12
Repeal tax on gasoline used in commercial aviation.....		-6
Tax fuel used on inland waterways at 2 cents per gallon.....		7
Subtotal, excise taxes.....		-367
Miscellaneous receipts.....	-294	-117
Total administrative budget receipts.....	-104	5,016

¹ The surcharge proposal requested amounts to 6 percent on both individual and corporation income taxes to become effective July 1, 1967, and to expire automatically on June 30, 1969. (The individual income tax proposal exempts taxpayers whose taxable incomes are wholly within the 1st 2 brackets.) The proposals in effect involve a 3-percent increase in income tax liabilities for calendar year 1967, 6 percent for 1968, and 3 percent for 1969.

A continuing effort is being made to put corporate tax collections on a current basis. Two further accelerations in corporate payments, effective calendar year 1968, are being proposed:

1. An increase from 70 percent to 80 percent in the portion that a corporation's estimated tax for any given calendar year must be of

its final tax liability. The 80-percent requirement is already applicable to those individuals who are required to make payments on their estimated tax liabilities. Revenue resulting from this proposal will be \$400 million in fiscal year 1968.

2. Elimination in equal stages over a 5-year period of the present exemption on the first \$100,000 of corporate tax liability from the requirement of payment on a current estimated basis. This change would put corporations on the same tax basis as an unincorporated proprietor, who now must make estimated tax payments on his entire liability. The revenue increase under this proposal would amount to \$400 million in fiscal year 1968.

A revolving fund for the mint is being proposed. The operating activities of the mint would be financed in part through mint receipts, including seigniorage. Enactment of this legislation will reduce, equally, miscellaneous receipts of the Treasury and expenditures by the agencies without affecting the surplus or deficit.

The 1968 budget contemplates an easing of inflationary pressures and a continuation of the economic expansion of the past 6 years, with a gross national product of \$787 billion in the calendar year 1967. The major components of the projection are summarized in the following table:

	Calendar years		
	1965 actual	1966 preliminary	1967 estimate
	In billions of dollars		
Gross national product.....	681.2	739.5	787
Personal income.....	535.1	580.4	624
Corporate profits before tax.....	75.7	81.8	83

Estimates of tax revenues cannot be derived directly and simply from the assumed levels of aggregate economic performance. The definitions of taxable income in the tax statutes, which determine tax liabilities, differ from the economic or statistical definitions of income which are used to measure economic performance. In addition, tax payments are received by the Treasury at varying times after the period in which tax liabilities are incurred.

The 1964 income tax legislation decreased tax liabilities by successively greater amounts in calendar years 1964 and 1965. Despite the losses from income tax reduction and, in fiscal 1966, from the excise tax cuts of 1965, total revenues rose in fiscal 1964 through 1966 and are expected to continue rising in the fiscal years 1967 and 1968. Receipts for fiscal 1967 are estimated to increase \$12 billion over actual

receipts in 1966 to \$117 billion. A further increase of \$10 billion to \$127 billion is estimated for 1968. Receipts will have risen for 7 consecutive years by fiscal 1968, reaching a level \$49 billion above 1961.

Actual administrative budget receipts for fiscal 1966 and estimated receipts for 1967 and 1968 are compared by major sources in the accompanying table. Amounts shown for each revenue source are net after deduction of refunds, transfers to trust funds, and interfund transactions, and include the effects of proposed legislation.

	Fiscal years			
	1966 actual	1967 estimate	1968 estimate	Increase, or decrease (-), 1967 to 1968
	In millions of dollars			
Individual income taxes.....	55,446	62,200	73,200	11,000
Corporation income taxes.....	30,073	34,400	33,900	-500
Excise taxes.....	9,145	9,300	8,800	-500
Estate and gift taxes.....	3,066	3,100	3,100	-----
Customs.....	1,767	1,980	2,100	120
Miscellaneous receipts.....	5,231	6,015	5,837	-178
Net administrative budget receipts.....	104,727	116,995	126,937	9,942

Individual income taxes.—Collections of individual income taxes which amounted to \$55.4 billion in fiscal 1966, are estimated to rise to \$62.2 billion in fiscal 1967 and to \$73.2 billion in fiscal 1968. The increase of \$6.8 billion forecast for fiscal 1967 reflects a substantial increase in the individual income tax base offset in part by the effect of the introduction of a speedup in the collection of withheld taxes in the spring of 1966 which enlarged fiscal 1966 receipts. The larger rise of \$11.0 billion estimated for fiscal 1968 again reflects increased incomes, and is bolstered by additional receipts due to the proposed 6-percent income tax surcharge.

Corporation income taxes.—Corporate receipts which amounted to \$30.1 billion in fiscal 1966, are expected to reach \$34.4 billion in 1967, and fall to \$33.9 billion in 1968. The 1967 revenue increase of \$4.3 billion is largely due to increased profits and the accelerated collection of corporation estimated tax. The decline of \$0.5 billion in corporation income tax receipts from fiscal 1967 to 1968 is a composite result. Larger profits, the proposed 6-percent income tax surcharge, and the two proposals which will tighten the estimated tax current payment requirements are factors expected to add to revenues in 1968. However, these will be more than offset by the dropoff in payments which will occur because of the virtual completion in fiscal 1967 of the program of accelerated payments of estimated taxes embodied in the legislation of 1964 and 1966.

Excise taxes.—Net excise tax revenues, excluding taxes collected and transferred to the trust funds, which amounted to \$9.1 billion in fiscal 1966, are expected to rise slightly in fiscal 1967 but to decline by \$0.5 billion in fiscal 1968. Projected revenues from excises are \$8.8 billion in 1968, down \$0.3 billion from 1966.

The rise of \$0.2 billion estimated for fiscal 1967 is based on a projected increase in sales of the products and services involved and to administrative speedups in excise tax collections. These increases are to be largely offset by the effect of the legislative tax actions of 1965 which repealed or reduced many of the excises. The expected falloff of \$0.5 billion in fiscal 1968 is attributable to the absence of collection speedups in 1968 as compared with 1967, and the proposed transfer of 2 percent of the automobile tax to a new beauty-safety trust fund, partially offset by a larger tax base and proposed additional user charges.

Estate and gift taxes.—Estate and gift tax receipts are estimated at \$3.1 billion in each of the fiscal years 1967 and 1968, unchanged from 1966. Receipts from this source arise mostly from collections of estate taxes which are payable 15 months after death. Estimates for fiscal years 1967 and 1968, therefore, reflect asset valuations made some time earlier. No significant change is expected.

Customs.—Customs receipts are estimated to increase from \$1.8 billion in fiscal 1966, to \$2.0 billion in 1967, and to \$2.1 billion in 1968. Enlarged receipts from customs duties reflect increasing imports associated with a continued expansion of economic activity.

Miscellaneous receipts.—Miscellaneous receipts, which are all those received by the general fund of the Treasury except for taxes and customs duties, are shown in the above table net of interfund transactions. Such receipts are estimated to increase from \$5.2 billion in fiscal 1966, to \$6.0 billion in 1967, but to decline to \$5.8 billion in 1968. The increase of \$0.8 billion in fiscal 1967 is attributable to seigniorage profits arising from full-scale production of coins with the new composition authorized by the Coinage Act of 1965, to increased receipts from the Outer Continental Shelf lands as new areas are opened for exploration, and to higher payments of earnings by the Federal Reserve System. The decline of \$0.2 billion estimated for 1968 will reflect lower seigniorage profits partially offset by larger earnings of the Federal Reserve System.

Expenditures

Net administrative budget expenditures for fiscal 1966, by major functions, are compared to 1965 in the following table. For more detailed information see table 15.

(Dollar amounts in millions)

Function	1965		1966		Increase, or decrease (—)
	Amount	Percent of total	Amount	Percent of total	
National defense.....	\$50,163	52.0	\$57,718	54.0	\$7,555
Interest.....	11,435	11.8	12,132	11.3	697
Health, labor, and welfare.....	* 5,797	6.0	7,574	7.1	1,777
Space research and technology.....	5,093	5.3	5,933	5.5	840
Veterans' benefits and services.....	5,495	5.7	5,023	4.7	-472
International affairs and finance.....	* 4,506	4.7	4,191	3.9	-315
Agriculture and agricultural resources.....	* 4,696	4.9	3,307	3.1	-1,389
Natural resources.....	2,851	3.0	3,120	2.9	269
Commerce and transportation.....	3,499	3.6	2,969	2.8	-530
Other ¹	* 3,842	4.0	5,645	5.3	1,803
Less interfund transactions.....	870	.9	635	.6	-235
Total.....	96,507	100.0	106,978	100.0	10,471

* Revised.

¹ Includes functions relating to housing and community development, education, and general government.

Estimates of expenditures

Estimated administrative budget expenditures for fiscal years 1967 and 1968 are \$126.7 billion and \$135.0 billion, respectively. These estimates, by major functions, are compared with 1966 expenditures in the following table. For like information, at various agency levels, see table 18.

Function	1966 actual	1967 estimate	Increase, or decrease (—), 1967 from 1966	1968 estimate	Increase, or decrease (—), 1968 from 1967
	In millions of dollars				
National defense.....	57,718	70,222	12,504	75,487	5,265
International affairs and finance.....	4,191	4,608	417	4,797	189
Space research and technology.....	5,933	5,600	-333	5,300	-300
Agriculture and agricultural resources.....	3,307	3,035	-272	3,173	138
Natural resources.....	3,120	3,226	106	3,518	292
Commerce and transportation.....	2,969	3,495	526	3,089	-406
Housing and community development.....	347	890	543	1,023	133
Health, labor, and welfare.....	7,574	10,389	2,815	11,304	915
Education.....	2,834	3,304	470	2,816	-488
Veterans' benefits and services.....	5,023	6,394	1,371	6,124	-270
Interest.....	12,132	13,508	1,376	14,152	644
General government.....	2,464	2,725	261	2,781	56
Other.....		100	100	2,150	2,050
Less interfund transactions.....	635	766	131	682	-84
Total.....	106,978	126,729	19,751	135,033	8,304

Trust Receipts and Expenditures

Receipts

Trust receipts rose \$3.8 billion over 1965 to \$34.9 billion in fiscal 1966, due primarily to increased receipts for old-age and survivors, disability, and health insurance. Net trust receipts for 1966, by certain major sources, are compared with 1965 in the following table. For more details see table 5.

Source	1965	1966	Increase
	In millions of dollars		
Employment taxes.....	16,905	20,022	3,117
Unemployment tax deposits by States.....	3,052	3,067	15
Excise taxes.....	3,659	3,917	258
Interest on trust funds.....	1,770	1,908	138
Other ¹	6,299	6,707	408
Less interfund transactions.....	638	770	132
Net trust receipts.....	31,047	34,853	3,806

¹ Includes Federal employee and agency payments to retirement funds, veterans' life insurance premiums, and other miscellaneous trust receipts.

Estimates of receipts

Trust receipts in fiscal years 1967 and 1968 are expected to rise to \$44.9 billion and \$48.1 billion, respectively, due principally to employment tax receipts, estimated to increase \$6.4 billion in 1967 over 1966 and \$1.9 billion in 1968 over 1967. These increases reflect (1) an expected increase in the number of people (and the dollar volume of payrolls) covered by the social security system, as the economy continues to expand; (2) an increase in the combined tax rate on employers and employees to 8.8 percent, effective January 1, 1967, under present law; and (3) the proposed increase in the wage ceiling from \$6,600 to \$7,800 effective January 1, 1968.

Source	1966 actual	1967 estimate	Increase, or decrease (-), 1967 from 1966	1968 estimate	Increase, or decrease (-), 1968 from 1967
	In millions of dollars				
Employment taxes.....	20,022	26,444	6,422	28,392	1,948
Unemployment tax deposits by States.....	3,067	3,000	-67	3,000	-----
Excise taxes.....	3,917	4,514	597	4,946	432
Interest on trust funds.....	1,908	2,268	360	2,690	422
Other ¹	6,707	9,406	2,699	9,844	438
Less interfund transactions.....	770	734	-36	730	-4
Net trust receipts.....	34,853	44,898	10,045	48,142	3,244

¹ Includes Federal employee and agency payments to retirement funds, veterans' life insurance premiums, and other miscellaneous trust receipts.

Expenditures

Net trust expenditures were \$34.9 billion in fiscal 1966, \$5.2 billion above 1965. There follows a summary of trust expenditures, by major functions, comparing 1966 and 1965. For details see table 5.

[Dollar amounts in millions]

Function	1965		1966		Increase, or decrease (-)
	Amount	Percent of total	Amount	Percent of total	
Health, labor, and welfare.....	\$23,186	78.2	\$26,384	75.7	\$3,198
Commerce and transportation.....	3,864	13.0	3,751	10.8	-113
Housing and community development.....	1,136	3.8	3,202	9.2	2,066
Agriculture and agricultural resources.....	927	3.1	1,151	3.3	224
National defense.....	751	2.5	760	2.2	9
Veterans' benefits and services.....	624	2.1	565	1.6	-59
Other ¹	-213	-7	-177	-5	36
Less interfund transactions.....	638	2.2	770	2.2	132
Net trust expenditures.....	29,637	100.0	34,864	100.0	5,227

¹ Includes functions relating to natural resources, international affairs and finance, education, and general government; also includes net transactions in deposit funds.

Estimates of expenditures

Trust expenditures in fiscal years 1967 and 1968 are expected to reach \$40.9 billion and \$44.5 billion, respectively. These estimates, by major functions, are summarized below, compared with 1966 expenditures. For more detail see table 19.

Function	1966 actual	1967 estimate	Increase, or decrease (-), 1967 from 1966	1968 estimate	Increase, or decrease (-), 1968 from 1967
	In millions of dollars				
Health, labor, and welfare.....	26,384	31,477	5,093	37,111	5,634
Commerce and transportation.....	3,751	3,722	-29	3,738	16
Housing and community development.....	3,202	2,999	-203	981	-2,018
Veterans' benefits and services.....	565	770	205	557	-213
Agriculture and agricultural resources.....	1,151	1,382	231	1,224	-158
National defense.....	760	1,138	378	1,370	232
Other ¹	-177	126	303	255	129
Less interfund transactions.....	770	734	-36	730	-4
Net trust expenditures.....	34,864	40,882	6,018	44,507	3,625

¹ Includes functions relating to natural resources, international affairs and finance, education, and general government; also includes net transactions in deposit funds.

Other Budget Measures

Consolidated cash statement

Federal Government cash transactions with the public during fiscal 1966 show total receipts of \$134.5 billion from the public, while total payments to the public reached \$137.8 billion, resulting in an excess of payments totaling \$3.3 billion.

The consolidated cash statement is helpful in assessing the results of the Federal Government's financial operations since it presents the flow of cash transactions between the Federal Government and the public. To determine consolidated cash figures, the totals of administrative budget receipts and expenditures are added to trust fund receipts and expenditures, with deductions for intragovernmental transactions and certain other adjustments for transactions not involving cash exchanges with the public. The 1962 annual report, page 31, contains a detailed explanation of the procedure for compiling the consolidated cash statement. Table 17 of this report provides an 11-year comparative table showing details of cash transactions with the public.

National income accounts

Analysis of the budget's impact on the flow of national production and income requires the use of Federal receipts and expenditures as developed in the national income accounts. Unlike the consolidated cash statement, the national income budget excludes Federal loans and receipts from the repayment or sale of loans. Most expenditures are recorded in the national income accounts at the time goods or services are delivered (when liability for payment is incurred), while the consolidated cash statement is on the basis of cash paid out. Some tax receipts, particularly corporation income taxes, are recorded on the accrual or liability basis in the national income accounts rather than the cash collection basis used for the consolidated cash statement. There are also other differences between the two involving such matters as the inclusion of District of Columbia transactions and treatment of contributions to Federal employee retirement funds.

Federal receipts and expenditures as measured in the national income accounts for the fiscal years 1966-68 are compared with the consolidated cash statement and the administrative budget in the following table.

Summary of Federal receipts and payments

	Actual 1966	Estimated	
		1967	1968
In billions of dollars			
FEDERAL RECEIPTS			
Administrative budget receipts.....	104.7	117.0	126.9
Add: Trust fund receipts.....	34.9	44.9	48.1
Deduct: Intragovernmental transactions and other adjustments.....	5.1	7.2	7.0
Total cash receipts from the public.....	134.5	154.7	168.1
Add: Timing adjustment (cash versus accrual).....	-1.2	-3.9	.4
Deduct: Loans repaid, differences in coverage, and other adjustments.....	.7	1.0	1.4
National income accounts receipts—Federal sector.....	132.6	149.8	167.1
FEDERAL PAYMENTS			
Administrative budget expenditures.....	107.0	126.7	135.0
Add: Trust fund expenditures.....	34.9	40.9	44.5
Deduct: Intragovernmental transactions and other adjustments.....	4.0	6.8	7.1
Total cash payments to the public.....	137.8	160.9	172.4
Add: Timing adjustment (cash versus accrual).....	-.3	.2	.4
Deduct: Loans, differences in coverage, and other adjustments.....	5.2	7.5	3.6
National income accounts expenditures—Federal sector.....	132.3	153.6	169.2
EXCESS OF RECEIPTS (+) OR PAYMENTS (-)			
Administrative budget.....	-2.3	-9.7	-8.1
Receipts from and payments to the public.....	-3.3	-6.2	-4.3
National income accounts—Federal sector.....	+3	-3.8	-2.1

Corporations and Other Business-Type Activities of the Federal Government

The business-type programs which Government corporations and agencies administer are financed by various means: Appropriations; sales of capital stock; borrowings from either the U.S. Treasury or the public; or by revenues derived from their own operations.

Corporations or agencies having legislative authority to borrow from the Treasury issue their formal securities to the Secretary of the Treasury. Amounts borrowed are reported in the periodic financial statements of the Government corporations and agencies as part of the Government's net investment in the enterprise. In fiscal 1966, borrowings from the Treasury, exclusive of refinancing transactions, totaled \$8,862 million, repayments were \$10,252 million, and outstanding loans on June 30, 1966, totaled \$26,964 million.

Those agencies having legislative authority to borrow from the public must either consult with the Secretary of the Treasury regarding the proposed offering, or have the terms of the securities to be offered approved by the Secretary.

During fiscal 1966, Congress granted new authority to borrow from the Treasury in the total amount of \$979 million, and reduced existing authority by \$822 million, resulting in a net increase of \$157 million. The status of borrowing authority and the amounts of corporation and agency securities outstanding as of June 30, 1966, are shown in table 109.

Unless otherwise specifically fixed by law, the Treasury each month determines interest rates on its loans to agencies by considering the Government's cost for its borrowings in the current market, as reflected by prevailing market yields on Government securities which have maturities equal to the Treasury loans to the agencies. A description of the Federal agencies' securities held by the Treasury on June 30, 1966, is shown in table 110.

During fiscal 1966, the Treasury received from agencies a total of \$844 million in interest, dividends, and similar payments. (See table 113.)

Quarterly statements of financial condition, income and expense, and source and application of funds are submitted to the Treasury by Government corporations and agencies. Semiannual statements of long-range commitments and contingencies are also submitted. The individual statements and combined financial statements compiled by the Treasury are published periodically in the Treasury Bulletin. Summary statements of financial condition of Government corporations and other business-type activities, as of June 30, 1966, are shown in table 111.

Account of the Treasurer of the United States

Gold, silver, and the general account are the three major categories of the account of the Treasurer of the United States. On June 30, 1966, gold held was valued at \$13,433 million, held principally at the Fort Knox Depository, with lesser amounts at mints and assay offices. Gold liabilities totaled \$13,332 million, covering gold certificates issued (series 1934), the reservation for the gold certificate fund of the Federal Reserve System, an International Monetary Fund gold deposit, and reserves against Federal Reserve notes and U.S. notes, leaving a gold balance of almost \$102 million.

Assets of the silver account, consisting of silver bullion and silver dollars, had a value of \$891 million as of June 30, 1966. Liabilities against the silver account (currency issued against silver assets)

amounted to \$602 million, leaving a silver balance totaling \$289 million.

The assets of the general account of the Treasurer at yearend included the gold and silver balances, cash in the form of currency and coin, unclassified collections, and funds on deposit with Federal Reserve banks and other depositories. During the year the balance in the general account decreased by \$203 million. The net change is accounted for as follows:

Transactions affecting the account of the Treasurer of the United States, fiscal year 1966

[In millions of dollars]	
Balance June 30, 1965.....	12, 610
Excess of deposits, or withdrawals (—), budget, trust, and other accounts:	
Deposits.....	141, 095
Withdrawals (—).....	142, 190
	—1, 095
Excess of deposits, or withdrawals (—), public debt accounts:	
Increase in gross public debt.....	2, 633
Deduct:	
Excess of Government agencies' investments in public debt issues....	3, 083
Accrual of discount on savings bonds and bills (included in increase in gross public debt above).....	4, 179
Less certain public debt redemptions (included above in withdrawals, budget, trust, and other accounts).....	—3, 648
Net deductions.....	3, 614
	—980
Excess of sales of Government agencies' securities in the market.....	2, 948
Net transactions in clearing accounts (documents not received or classified by the Office of the Treasurer).....	—1, 075
Balance June 30, 1966.....	12, 407

Government-wide Financial Management

The Secretary of the Treasury met with the Comptroller General and the Director of the Bureau of the Budget on May 9, 1966, to consider ways and means of reinvigorating and accelerating the pace of the Joint Financial Management Improvement Program. They agreed to intensify efforts, in cooperation with other Government departments and agencies, and directed the staff-level Steering Committee for the Joint Program to take immediate steps to get a more vigorous program underway. At the invitation of the heads of the three central fiscal agencies, the Chairman of the Civil Service Commission also attended this meeting. He agreed to expand the Commission's role in the Joint Program with a view to strengthening recruiting, training, and classification activities in the financial management area.

The President addressed a memorandum ¹ on May 24, 1966, to the heads of departments and agencies endorsing the plan to accelerate the pace of the Joint Financial Management Improvement Program. He requested the head of each executive department and agency to take immediate action to:

- Insure that the system of accounting and internal control in his agency meets management needs and conforms to the principles, standards, and related requirements prescribed by the Comptroller General.
- Work with the Civil Service Commission in developing a more vigorous program for recruiting and developing the professional personnel to design and operate effective financial management systems.
- Assure that financial reports and cost data provide adequate support for the planning-programing-budgeting system.
- See that the agency's managers are given the basic tools they need—responsibility centered cost-based operating budgets and financial reports—for setting and achieving maximum cost reduction goals.

In addition to the Treasury Department's participation in Government-wide financial management matters through the Joint Program, the Department made considerable progress in fiscal management areas for which it has responsibility and which have an impact on the total Federal Government fiscal operations. Many additional Government agencies and programs improved their advance financing practices as required by Treasury Department Circular No. 1075. Early in fiscal 1966 the State Department, the Office of Civil Defense, and the Department of the Interior began using letters of credit. Effective July 1, 1966, letters of credit will be used for the medicare and hospital program of the Social Security Administration and one grant program of the Vocational Rehabilitation Administration. Plans to improve and simplify agency and Treasury procedures involved in the use of letters of credit were crystallized to the extent that certain modifications will become effective July 1, 1966. For example, the present practice of agency reimbursement by Treasury check will be discontinued. Letters of credit will be certified by an authorized certifying officer, and payment transactions, reported to Treasury in agency statements of transactions, will be reconciled with withdrawals from the account of the Treasurer of the United States.

Treasury regulations were issued on December 22, 1965, for the guidance of Federal agencies under the new law which authorizes checks to be drawn in favor of financial organizations for credit to a

¹ See exhibit 76.

person's account (31 U.S.C. 492). The regulations provide that all Federal agencies may, upon the written request of a person to whom payment is to be made, authorize a disbursing officer to make payment by issuing a check drawn in favor of a designated financial organization for credit to the account of that person. If more than one person designates the same financial organization, a composite check may be issued for the total amount due, supported by a listing showing the amount to be credited to the account of each person.

In April 1966 parts I and III of a revisable fiscal requirements manual were published. This manual is intended ultimately to cover all Treasury regulations on central accounting, reporting, disbursing, and other fiscal matters, including those procedures and forms relating to Government-wide fiscal activities to be eliminated from the "General Accounting Office Policy and Procedures Manual." Part I covers introductory material and part III covers withholding and payroll procedures previously included in certain Treasury regulations and in title 6 of the GAO manual.

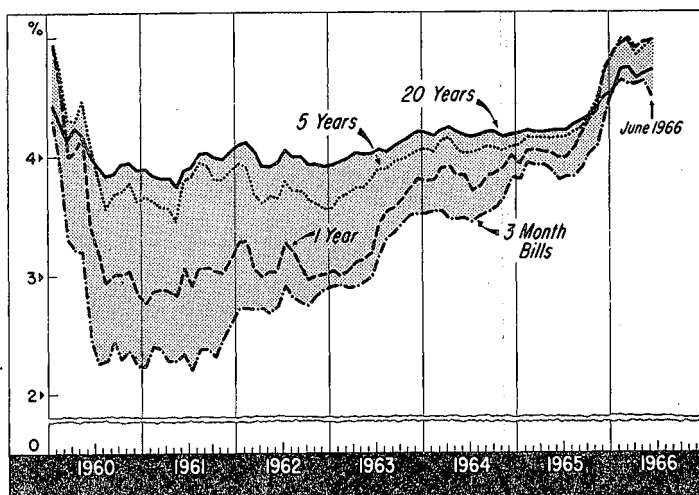
In October 1965 an agreement was concluded with the State of Iowa for the withholding of State income taxes by Federal agencies. The agreement with the State of Rhode Island for withholding taxes was terminated as of June 30, 1966, with the abolition of the Rhode Island medical care tax. Federal agencies now withhold taxes for 30 States and the District of Columbia. More explicit instructions were furnished Federal agencies because of the difficulty some Federal employees had in obtaining refunds of State income taxes due to agencies not meeting the State requirements in adapting copies of Federal form W-2 for use in lieu of State prescribed reporting forms.

Public Debt Management and Ownership

As in the past, the primary function of Government debt management during the fiscal year 1966 was to raise the money required to meet the Government's obligations; that is, to finance the excess of expenditures over revenues and to refinance maturing issues. In addition, debt management has sought in recent years to aid in the achievement of major national economic objectives—the maintenance of sound, noninflationary growth of the domestic economy and progress toward equilibrium in the U.S. balance of payments. A further continuing goal of debt management is the maintenance and improvement of the debt structure. Another aspect of Government debt management policy, which claimed particular attention in the past year, was the close integration of Federal agency financing operations and asset sales with Treasury debt operations and with broad economic policy objectives.

While the long-term aims remained the same, the direction and thrust of debt management policies were adapted in fiscal 1966 to meet changing domestic and international economic conditions. At the start of the fiscal year, policies were still being shaped by the need to maintain U.S. short-term rates at levels competitive with those abroad, and by the desire to moderate upward pressure on long-term rates which might impede domestic economic growth. In July 1965, with the escalation of military operations in Vietnam, the general economic climate began to change. In the money and credit markets short-term rates rose sharply and intermediate and longer term rates also moved perceptibly higher. The Treasury modified its debt lengthening objectives—in part because long-term rates were coming under sharply increased pressure from market sources, and in part because the statutory $4\frac{1}{4}$ percent interest rate ceiling on Treasury borrowing soon precluded any borrowing in the long-term maturity area.

CHART 3

Market Yields At Constant Maturities¹ 1960-'66

¹ Estimated yields of U.S. Government securities at 1, 5, and 20 years; bank discount rates on bills; monthly averages of end of week figures.

The objective of maintaining a balanced debt structure was by no means abandoned, however. In January 1966, as soon as the financial markets had settled down in the wake of the discount rate increase in December, the Treasury offered a $4\frac{1}{4}$ -year note as part of its February refunding operation. This was the longest term marketable Treasury security issued during the fiscal year, and the note was offered not only to holders of the issues maturing in February but also

to holders of debt maturing in April, May, and August 1966. In all, some \$6½ billion of maturing or nearly maturing debt was exchanged by the public for the new note.

Notwithstanding, this debt-lengthening step, the inexorable working of the calendar, and the borrowing of new cash in the short-term area, resulted in a reduction in the average maturity of the marketable Treasury debt to 4 years 11 months at the end of June 1966, compared with 5 years 4 months a year earlier and the recent high of 5 years 5 months in January 1965.

While market conditions precluded aggressive actions to lengthen the debt, passive submission to debt shortening, merely because of an arbitrary statutory ceiling, was also considered undesirable. It was in this context that Secretary Fowler said in the spring of 1966 that it would be useful to have some greater degree of flexibility in debt management—to be able to market at least a modest amount of long-term debt under appropriate market conditions.

In meeting needs for net new cash in fiscal 1966, the Treasury relied largely on additional sales of Treasury bills. In the period prior to June 1965 Treasury bill issues were increased in part to keep U.S. short-term rates competitive with those abroad, but during fiscal year 1966 the bill market was used because this area could most readily absorb the added borrowing.

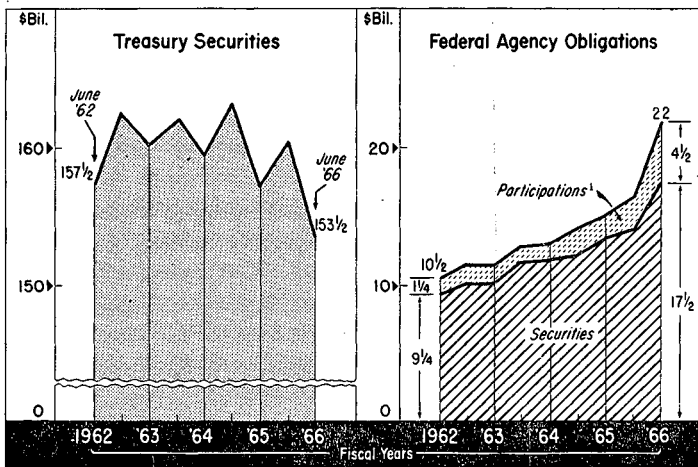
A particular feature of U.S. debt management beginning in fiscal 1966 was the increased prominence of Federal credit agency financing, and the need to integrate such financing with Treasury borrowing and with overall economic policy objectives. As credit markets tightened in 1965-66, specialized Federal lending agencies faced sharply increased demands from borrowers unable to obtain funds readily from commercial banks or other usual lenders. To satisfy agricultural credit demands, and increase farm output, the farm credit agencies increased their own market borrowings. To support the housing market, and to assist the savings and loan associations which were losing funds because of rate competition from bank certificates of deposit and other market instruments, the Federal home loan banks borrowed in the market and made advances to the associations. The Federal National Mortgage Association also borrowed substantial sums to support its secondary market purchases of mortgages. Sales of participations in existing portfolios of financial assets to provide funds for various other Federal credit programs added further to demands on the markets.

Credit demands by Federal agencies reached a peak in the last half of fiscal 1966, when these agencies borrowed over \$5 billion in new money. In view of these continuing needs and the demands of business and other borrowers some observers questioned whether the financial

markets could continue to cope with the situation in an orderly manner. The administration moved vigorously to dispel apprehensions and to ease particular pressures on the economy and on financial markets. On September 8, 1966, the President called for reductions in Federal expenditures and reduced sales of Federal securities, including agency issues. This was followed by an announcement by the Secretary of the Treasury postponing scheduled sales of participation certificates and planning for the Government trust funds to temporarily absorb debt offerings of Federal agencies in excess of current maturities.

CHART 4

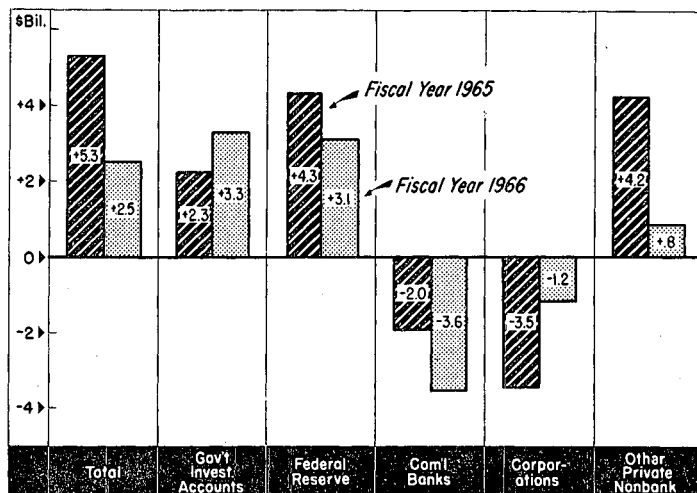
Public Holdings of Marketable Treasury and Federal Agency Obligations



The impact of the sharp increase in Federal agency borrowing was ameliorated by a comparable decline in publicly held marketable Treasury securities. (See chart 4.) In the last half of fiscal 1966 public holdings of Treasury marketable debt fell \$6.9 billion as tax anticipation bills, issued the previous fall, and other securities were retired at maturity. For the full fiscal year, public holdings of all Treasury securities declined nearly \$4 billion, the largest such reduction in 10 years—as Federal Reserve banks and Government investment accounts acquired net \$6.4 billion of governments—only slightly less than the \$6.6 billion acquired in fiscal year 1965.

CHART 5

Changes in Public Debt Holdings by Investor Classes



As illustrated by chart 5, commercial bank holdings of Government securities again registered a net decline during the fiscal year. The pace of disinvestment was increased during the fiscal year in order to meet the strong demand for business and other loans, and to switch to higher yielding investments. Corporations, on the other hand, showed a noticeable slackening in their liquidation of governments in fiscal 1966, although holdings fluctuated near record low levels throughout the year and reached a postwar low of \$13.9 billion on June 30, 1966. Other private nonbank investors acquired a net \$0.8 billion Government securities in fiscal year 1966 against a gain of \$4.2 billion the previous year, with savings-type institutions alone accounting for \$2.7 billion of the year-to-year difference.

FINANCING OPERATIONS

The financing outlook at the beginning of fiscal 1966 appeared favorable. On June 30, 1965, the Treasurer's account balance was \$12.6 billion—an amount sufficient to meet the large seasonal budget deficits through the first 3 months of the new fiscal year. The new cash needed from then until January 1966 was estimated in the range of \$6 billion to \$7 billion, or approximately the borrowing accomplished in July–December of 1964. The refinancing of publicly held securities maturing within fiscal year 1966 was also of manageable proportions: \$14½ billion of the \$34 billion total of maturing notes and bonds,

The modest size of anticipated new cash and refunding needs during the fiscal year 1966 meant that Treasury demands in the credit markets would very likely be again at the low levels of the previous fiscal year. In addition, debt restructuring efforts during the previous 5 years had achieved significant progress toward lengthening the marketable debt and increasing Treasury financing flexibility. Conditions permitting, it was considered desirable to continue these efforts in the year ahead, and in such a way as to minimize the impact of Treasury requirements on the flow of funds to other borrowers.

The first major borrowing operation of the new fiscal year was announced late in July: to refund \$7.3 billion Treasury notes maturing in mid-August. Holders of the maturing issue were offered a choice of 4 percent, 18-month notes (priced to yield 4.10 percent) and reopened 4-percent bonds of February 1969 (at a discount to yield 4.17 percent). Public investors held \$3.2 billion of the maturing security and exchanged all but 7½ percent of their holdings into the two new issues. The exchange was considered very favorable, especially since news of the intensification of military involvement in Vietnam was just then becoming available. The investment climate became heavy following the financing, however, and yields of Treasury securities rose steadily throughout August. The added American commitment to the Vietnam war effort was interpreted as a forerunner of higher defense spending and of increased credit demands in the domestic economy—against a background of near-full employment of labor and resources. This new factor created uncertainties in the Government fiscal picture and strengthened the possibility of a shift in monetary policy.

A cautious atmosphere continued in the Government securities market in September 1965 and became a consideration in the Treasury's first cash borrowing operation of fiscal 1966. In light of this atmosphere and of the continuing satisfactory Treasury cash position through September, the new cash borrowing was postponed until early October. The offering consisted of \$3 billion March 1966 tax bills and \$1 billion June 1966 tax bills, both auctioned on October 5. The amount was set at \$4 billion in order to cover cash needs until late November. Payment through tax and loan account credit was allowed and commercial banks bid aggressively for the securities, which were sold at average rates considerably below market rates of outstanding comparable maturities.

The general decline in Government securities prices paused in October as market participants became more active at the higher yield levels, but resumed during the latter half of the month. The

Treasury was faced with an upcoming refunding of \$9.7 billion securities coming due on November 15, and—in an apprehensive market environment—pricing of new issues was considered critical. Although almost two-thirds of the maturing securities were held by official accounts (the Federal Reserve and Government trust funds), \$3.3 billion was in public hands and a large part of this total appeared to be held by small institutional investors and individuals. The potential cash redemption from this group of investors in an exchange offering was expected to be on the high side and would deplete the by now low cash balances. To avoid the “attrition” of a rights exchange, a new issue of 4½ percent, 18-month notes were offered for cash subscriptions up to the full amount needed to redeem the maturing securities. The new notes were priced “to the penny” to yield 4.37 percent—the highest yield offered by Treasury on a coupon security since May 1960—and investors were assured in advance of receiving full allotments on subscriptions up to \$200,000. Investor response to the offering was lighter than expected and the allotment ratio of 48 percent of subscriptions in excess of \$200,000 was unusually high.

Soon after the subscription and allotment figures for the new 4½ percent security were released, the Treasury announced the second and final step in the July–December 1965 cash borrowing program. An additional \$2½ billion of June 1966 tax bills were offered in November. The auction drew sizable commercial bank interest as these institutions were again, as in October, allowed to make full payment by crediting their Treasury tax and loan accounts.

Investment demand was adversely affected in late November by reports that the fiscal year 1966 budget deficit would be larger than previously estimated. While market participants were still appraising this news, the Federal Reserve, on December 5, announced an increase in the discount rate from 4 percent to 4½ percent and major changes in Regulation Q governing the rate of interest on time and savings deposits paid by member commercial banks. The announcement caught the market by surprise and an immediate sharp rise in yields followed.

The increased level of budget expenditures associated with military spending in Vietnam required an increased estimate of new cash requirements during the last 6 months of the fiscal year. It appeared by mid-December that a total of \$4 billion to \$5 billion of new money borrowing would be necessary during the winter months. The mood of uncertainty in the Government securities market, following the discount rate increase, called for a borrowing approach which would

have the least impact upon investor expectations. It was consequently decided to raise most, if not all, of the total cash need in three steps: An initial \$1 billion addition to the June tax bills, followed by \$100 million per week increases in the 3-month bills auctioned through the full 13-week cycle beginning January 3, and finally by a \$1½ billion short-term coupon issue for cash in January. The announcement on December 22 of the schedule for the additional June tax bills mentioned the other two proposed steps as well, and short-term yields adjusted upward in anticipation of increased supplies. The tax bill auction late in the month drew heavy commercial bank interest as these institutions were again allowed to pay for their allotments of the new bills through full credit to Treasury tax and loan accounts.

The terms of the \$1½ billion short-term coupon issue offering were announced on January 5, and met a favorable market response. The security was set as a 4½ percent, 10-month certificate to be dated January 19, and priced at a small discount to yield 4.85 percent. Commercial banks were allowed to pay for their allotments through tax and loan credit and, as a result, over \$10 billion of subscriptions were received for the issue. Subscriptions of \$50,000 or less were allotted in full; larger subscriptions were subject to a 14½ percent allotment ratio but assured of the \$50,000 minimum allotment.

As the financing discussions surrounding the refunding of \$4.8 billion February 15 maturities were underway, the market environment improved slightly because of the favorable budget outlook for fiscal 1967 and the restrictive fiscal action outlined in the new budget document. The atmosphere appeared propitious for a modest debt extension effort as well as for lightening the refunding task in the months ahead. Against this background it was decided to include a long 5 percent note in the offering and make this security available to holders of the April, May, and August 1966 maturities as well as the February holders. In addition to this 4¾-year security, holders of the February 15 maturities were offered an exchange into 4½ percent 18-month notes priced to yield 4.96 percent. Public holdings of the seven eligible issues totaled some \$13.7 billion and of this amount \$6½ billion was exchanged for the new 5 percent notes and close to \$1 billion for the 4¾ percent issue.

In addition to placing this volume of debt virtually as far forward in time as was possible under statutory limitations, the amount of debt to be refinanced in the subsequent six months was reduced by almost \$5 billion. The enthusiastic response to the 5 percent notes was clouded slightly by the 14 percent cash redemption on the part

of February maturities, which was the highest rate of attrition in over 5 years.

Following the February exchange operation the cash and refunding operations for fiscal year 1966 were concluded except for the refunding of \$9.3 billion May 15 maturing securities, all but \$2.5 billion in official accounts. However, during the period from late January to late April, when Treasury was absent from the market, a heavy volume of agency issues was sold to the public. Federal agencies raised a net of \$2 billion during this 3-month period and an additional \$2.7 billion in May and June 1966. As a result, rates on agency issues moved sharply higher at a time when business borrowing was increasing and funds available for capital investment were limited, with investors committing their funds with caution.

It was decided to offer an exchange security to holders of the May 15 maturities. Because of the uneasiness of the market prior to the announcement date, the environment was not conducive to anything but the most routine refunding approach. A 4½ percent, 18-month note priced to yield 4.98 percent was offered in exchange for the maturing securities and investor interest in this new issue proved to be disappointingly light. A total of \$1.1 billion of public holdings, and \$0.1 billion of the Federal agency total, was redeemed for cash on May 15. Although the public attrition rate of 43 percent was the largest attrition percentage in any modern refunding, the Treasury cash position had improved markedly from the record low levels of April and the cash drain was not a serious factor by mid-May.

The two accompanying tables summarize the Treasury's major financing operations during the fiscal year and table 45 provides data on allotments by investor classes. The exhibits on public debt operations provide further information on public offerings and allotments by issues in tables and representative circulars.

28 1966 REPORT OF THE SECRETARY OF THE TREASURY

Public offerings of marketable Treasury securities excluding refinancing of regular bills (3 month, 6 month, and 1 year) fiscal year 1966

[In millions of dollars]

Date	Description	Issued for cash		Issued in exchange		Total
		For new money	For refunding	For maturing issue	In advance refunding	
BONDS, NOTES, AND CERTIFICATES						
1965						
Apr. 1	1½% exchange note—Apr. 1, 1970 ¹ -----			2 56		56
Aug. 13	4% note—Feb. 15, 1967 at 99.85-----			5, 151		5, 151
Aug. 13	4% bond—Feb. 15, 1969 additional at 99.45-----			1, 884		1, 884
Oct. 1	1½% exchange note—Oct. 1, 1970 ¹ -----			113		113
Nov. 15	4½% note—May 15, 1967 ² -----	32	9, 716			9, 748
1966						
Jan. 19	4¾% certificate—Nov. 15, 1966-----	1, 652				1, 652
Feb. 15	4½% note—Aug. 15, 1967-----			2, 117		2, 117
Feb. 15	5% note—Nov. 15, 1970-----			2, 839	4, 836	7, 675
Apr. 1	1½% exchange note—Apr. 1, 1971 ¹ -----			14		14
May 15	4½% note—Nov. 15, 1967-----			8, 135		8, 135
	Total bonds, notes, and certificates-----	1, 684	9, 716	20, 309	4, 836	36, 545
BILLS ⁴ (MATURITY VALUE)						
Increase in 3-month and 6-month bills:						
1965	July through September-----					
	October through December-----					
1966	January through March-----	1, 308				1, 308
	April through June-----					
	Total increase-----	1, 308				1, 308
1965	Other bill offerings:					
Oct. 11	3.783% 162-day (tax anticipation) Mar. 22, 1966-----	3, 009				3, 009
Oct. 11	3.941% 254-day (tax anticipation) June 22, 1966-----	1, 003				1, 003
Nov. 24	4.075% 210-day (tax anticipation) June 22, 1966, additional-----	2, 513				2, 513
1966						
Jan. 5	4.281% 168-day (tax anticipation) June 22, 1966, additional-----	1, 007				1, 007
	Total bills-----	8, 840				8, 840
	Total public offerings-----	10, 524	9, 716	20, 309	4, 836	45, 385

¹ Issued only on demand in exchange for 2½ percent Treasury bonds, Investment Series B-1975-80.

² Issued subsequent to June 30, 1965.

³ A cash offering (all subscriptions subject to allotment) was made for the purpose of paying off the matured securities in cash. Holders of the maturing securities were permitted to present them in payment in lieu of cash to the extent subscriptions were allotted. For further detail see exhibit 2.

⁴ Treasury bills are sold on a discount basis with competitive bids for each issue. The average price for auctioned issues gives an approximate yield on a bank discount as indicated for each series.

Disposition of marketable Treasury securities excluding regular bills (3 month, 6 month, and 1 year) fiscal year 1966

[In millions of dollars]

Date of refunding or retirement	Securities		Re-deemed for cash or carried to matured debt	Exchange for new issue		Total
	Description and maturity date	Issue date		At maturity	In advance refunding	
BONDS AND NOTES						
1965						
Aug. 13	37½% note—Aug. 13, 1965.....	Feb. 15, 1964	233	7, 035		7, 268
Oct. 1	1½% exchange note—Oct. 1, 1965.....	Oct. 1, 1960	315			315
Nov. 15	3½% note—Nov. 15, 1965.....	Nov. 15, 1962	1, 417	1 200		1, 617
Nov. 15	4% note—Nov. 15, 1965.....	May 15, 1964	1, 676	1 6, 423		8, 099
1966						
Feb. 15	3½% note—Feb. 15, 1966.....	May 15, 1962	238	1, 957		2, 195
Feb. 15	3½% note—Feb. 15, 1966.....	Aug. 15, 1964	121	2, 475		2, 597
Feb. 15	1½% exchange note—Apr. 1, 1966.....	Apr. 1, 1961	151	524		675
Feb. 15	4% note—May 15, 1966.....	Nov. 15, 1964			1, 230	1, 230
Feb. 15	3½% bond—May 15, 1966.....	Nov. 15, 1960			657	657
Feb. 15	4% note—Aug. 15, 1966.....	Feb. 15, 1962			2, 625	2, 625
Feb. 15	3% bond—Aug. 15, 1966.....	Feb. 28, 1958			324	324
May 15	4% note—May 15, 1966.....	Nov. 15, 1964	803	7, 485		8, 289
May 15	3½% bond—May 15, 1966.....	Nov. 15, 1960	378	650		1, 028
Total bonds and notes.....			5, 332	26, 749	4, 836	36, 917
BILLS						
1966						
Mar. 22	3.783% (tax anticipation).....	Oct. 11, 1965	2 3, 009			3, 009
June 22	3.941% (tax anticipation).....	Oct. 11, 1965	2 1, 003			1, 003
June 22	4.075% (tax anticipation).....	Nov. 24, 1965	2 2, 513			2, 513
June 22	4.281% (tax anticipation).....	Jan. 5, 1966	2 1, 007			1, 007
Total bills.....			7, 532			7, 532
Total securities.....			12, 864	26, 749	4, 836	44, 449

¹ Accepted in payment in lieu of cash.

² Including tax anticipation issues returned for taxes.

Public debt changes

The Treasury issued \$45.4 billion of new marketable securities during fiscal 1966, exclusive of regular bill rollovers. Securities issued for new cash totaled \$10.5 billion, or slightly more than the \$9.6 billion of fiscal year 1965, and were largely in the form of tax anticipation bills which were issued and redeemed within the fiscal year. The remaining debt issued for cash was slightly more than the total of marketable debt redeemed in refundings during the year plus the payoff of maturing exchange notes and redemption of Treasury bonds in payment of estate taxes. As a result, the marketable debt increased \$0.4 billion in the fiscal year. In addition to new cash operations, \$30 billion of notes and bonds were issued to replace securities maturing during the year, and \$4.8 billion of near-maturities were extended in the advance refunding of February 1966.

Class of debt	June 30, 1965	June 30, 1966	Increase, or decrease (—)
	In billions of dollars		
Public debt:			
Marketable public issues, maturing:			
Within one year.....	87.6	89.1	1.5
One to five years.....	56.2	60.9	4.7
Five to twenty years.....	47.6	42.0	-5.6
Over twenty years.....	17.2	17.0	-.2
Total marketable issues.....	208.7	209.1	.4
Nonmarketable public issues:			
Savings bonds			
Series E and H.....	48.8	49.7	.9
Other series.....	1.2	.9	-.4
Investment series bonds.....	3.3	2.7	-.6
Foreign series securities.....	1.1	.8	-.3
Foreign currency securities.....	1.1	1.0	-.2
Other nonmarketable debt.....	.2	.2	(*)
Total nonmarketable issues.....	55.8	55.2	-.6
Special issues to Government investment accounts.....	48.6	51.1	2.5
Noninterest-bearing debt.....	4.2	4.5	.3
Total public debt.....	317.3	319.9	2.6
Guaranteed debt not owned by Treasury.....	.6	.5	-.1
Total gross public debt and guaranteed debt.....	317.9	320.4	2.5

*Less than \$50 million.

Marketable debt maturing within the following year rose by \$1.5 billion in fiscal 1966, or by little more than the increase in regular Treasury bills. Debt maturing in from 1 to 5 years increased by \$4.7 billion and the volume of debt maturing beyond 5 years declined by \$5.8 billion. The increase in intermediate term debt and the drop in longer maturities reflected the inability of Treasury to offer bonds, because of the statutory $4\frac{1}{4}$ percent interest ceiling on these instruments, during most of the fiscal year. Treasury notes—which may be issued for a term of not less than 1 nor more than 5 years from issue date—were the longest term securities the Treasury could offer once market yields of outstanding over-5-year-to-maturity securities exceeded $4\frac{1}{4}$ percent.

Public nonmarketable debt declined \$0.6 billion in fiscal year 1966 as the \$0.9 billion increase in series E and H savings bonds was more than offset by net redemptions of investment series bonds and securities issued directly to foreign official agencies.

It became evident early in the fiscal year 1966 that the E and H bond program was beginning to lag, despite the success of recent payroll savings efforts. The unfavorable performance was highlighted by a net cash loss of \$305 million in the first 6 months of fiscal 1966, and an additional \$209 million in the following 2 months, as redemptions exceeded sales by a widening margin. This trend was largely due to the higher level of rates available on a variety of alternative forms of savings.

On February 16, 1966, Treasury announced an increase in the rate of return on old and new series E and H bonds effective as of December 1, 1965.¹ The yield to maturity on new savings bonds was increased to 4.15 percent, from the previous rate of 3.75 percent, and all outstanding bonds held to their next maturity received a comparable increase with lesser improved yields for shorter periods of holdings. Details of these changes will be found in exhibits 6 and 8. Monthly detail of savings bond activity in fiscal year 1966 is shown in tables 48 and 49.

Special securities issued directly to Government trust funds and accounts rose \$2.5 billion (accounting for almost the entire fiscal year increase in the total debt) during fiscal year 1966 to \$51.1 billion on June 30, 1966. A surplus in the accounts of the unemployment, civil service retirement, and the Federal hospital insurance funds was largely responsible for the rise in trust fund holdings of the special issues. The fiscal year 1966 income, expenditure, and investment activities of the major trust funds and accounts are shown in tables 65-83 and discussed on pages 35-36.

Guaranteed debt not owned by Treasury consists of \$20 million District of Columbia stadium bonds, due in 1979, and \$441 million Federal Housing Administration debentures issued under the Housing Act of 1934. The \$0.1 billion decline in this category during fiscal year 1966 was the result of FHA debentures called for redemption during the year.

OWNERSHIP OF GOVERNMENT SECURITIES

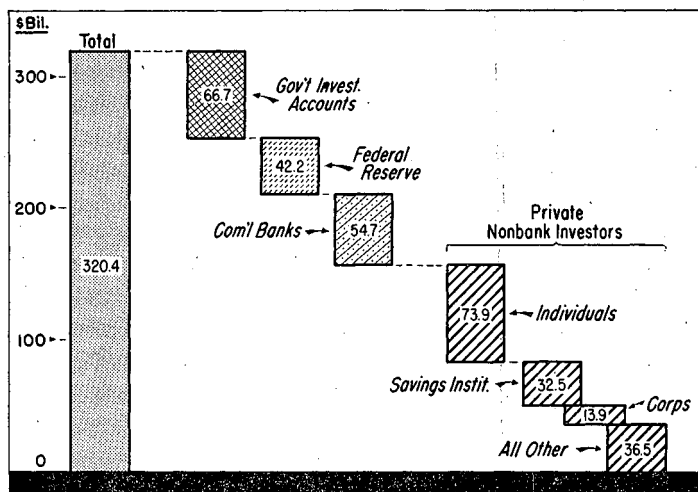
Government securities outstanding at the end of fiscal year 1966 totaled \$320.4 billion. Slightly more than one-third of this total, \$108.9 billion, was held by Government investment accounts and Federal Reserve banks. Commercial banks held just over one-sixth, \$54.7 billion, and private nonbank investors held nearly one-half, \$156.8 billion. The ownership distribution of the debt on June 30, 1966, is shown graphically in chart 6.

Major changes.—During fiscal year 1966 Government security holdings of Government investment accounts and Federal Reserve banks increased \$6.4 billion. Individuals acquired net \$2.8 billion, primarily marketable securities. Commercial banks reduced their holdings \$3.6 billion. All other investors, on balance, reduced their portfolios moderately, \$3.1 billion. Ownership by investor category on selected dates and changes in ownership during fiscal year 1966 are shown in the following table. Data on the ownership of agency securities are shown in table 56.

¹ See exhibit 25.

CHART 6

Ownership of the Federal Debt, June 30, 1966

Ownership of Federal securities¹ on selected dates, 1956-66

[Dollar amounts in billions]

	June 30, 1956	June 30, 1961	June 30, 1965	June 30, 1966	Change during fiscal year 1966
Estimated ownership by:					
Private nonbank investors:					
Individuals: ²					
Series E and H savings bonds.....	\$40.9	\$43.6	\$48.3	\$49.2	\$0.9
Other securities.....	25.7	21.1	22.8	24.7	1.9
Total individuals.....	66.6	64.6	71.1	73.9	2.8
Insurance companies.....	13.6	11.4	10.6	9.7	-.9
Mutual savings banks.....	8.4	6.3	5.8	5.1	-.7
Savings and loan associations.....	2.6	5.0	7.2	7.3	.1
State and local governments.....	16.1	19.3	24.1	24.5	.4
Foreign and international.....	7.9	12.7	15.7	15.4	-.3
Corporations.....	17.3	18.5	15.1	13.9	-1.2
Miscellaneous investors ³	5.8	5.5	7.6	7.0	-.6
Total private nonbank investors.....	138.3	143.3	157.1	156.8	-.3
Commercial banks.....	57.3	62.5	58.3	54.7	-3.6
Federal Reserve banks.....	23.8	27.3	39.1	42.2	3.1
Federal Government investment accounts.....	53.5	56.1	63.4	66.7	3.3
Total gross debt outstanding.....	272.8	289.2	317.9	320.4	2.5
Percent					
Percent owned by:					
Individuals.....	24	22	23	23	
Other private nonbank investors.....	26	27	27	26	
Commercial banks.....	21	22	18	17	
Federal Reserve banks.....	9	10	12	13	
Federal Government investment accounts.....	20	19	20	21	
Total gross debt outstanding.....	100	100	100	100	

¹ Gross public debt and guaranteed debt held outside the Treasury.² Includes partnerships and personal trust accounts.³ Includes nonprofit institutions, corporate pension trust funds, and nonbank Government security dealers.

Individuals.—Government security holdings of individuals increased sharply during the fiscal year, from \$71.1 billion in June 1965 to \$73.9 billion in June 1966, and this investor group continued to hold more Federal debt than any other single ownership category. Three-fourths of the increase was marketable securities which were available at the highest yield levels in many years. In contrast, in the preceding 5 years, increases in E and H bond holdings had accounted for 50 percent or more of the rise in Government security holdings of individuals. As shown in table 56, individuals also increased their holdings of Federal agency securities by \$1.8 billion.

Insurance companies.—Holdings of Government securities by insurance companies declined \$0.9 billion during fiscal 1966. Life companies reduced their holdings \$0.6 billion to \$4.6 billion. Fire, casualty and marine companies liquidated net \$0.3 billion to reduce their portfolios to \$5.1 billion. The average maturity of marketable governments held by life insurance companies at end-of-year was 19 years 11 months—about the same as the year before—as these institutions continued to hold a large proportion of their portfolios in long-term securities. The average maturity of the marketable governments of fire, casualty and marine companies also showed little change from the year before—rising slightly from 6 years 11 months at the beginning of the year to 7 years 1 month on June 30, 1966, as a result of the exchange for higher yielding issues in the February 1966 advance refunding.

Mutual savings banks.—Holdings of Government securities by mutual savings banks declined \$0.7 billion in fiscal 1966 to \$5.1 billion at yearend. These institutions normally use short-term Treasury securities as liquid reserves and as temporary investments for funds earmarked for future mortgage acquisitions or other long-term investments. In adjusting to the slackening in deposit gains, particularly during the second half of the year, these institutions reduced their holdings of Treasury bills \$0.2 billion and other securities \$0.5 billion, and the average maturity of all marketables fell 9 months to 10 years 1 month. By contrast holdings of Federal agency securities increased slightly—to \$0.8 billion—and net acquisitions of corporate securities more than tripled—to \$5.4 billion.

Savings and loan associations.—Government security holdings of savings and loan associations have increased during each of the past 12 fiscal years from less than \$2 billion on June 30, 1954, to \$7.3 billion at the end of fiscal 1966. In the face of slackened deposit growth, however, the industry's rate of investment in Federal securities was much slower in fiscal 1966—\$0.1 billion—than the \$0.5 billion average increase in the past 5 years. Federal securities purchased by savings and loan associations are generally short- to

intermediate-term maturities. Close to 80 percent of their Government portfolio matures within 10 years with the heaviest concentration of holdings in bonds with from 5 to 10 years to maturity.

State and local governments.—On June 30, 1966, State and municipal governments held \$24.5 billion of Federal securities—\$0.4 billion more than at the end of fiscal year 1965. Holdings of pension funds of State and municipal employees declined \$0.4 billion during the fiscal year, while nonretirement funds increased their holdings \$0.8 billion. The bulk of pension fund investment in governments is long-term as evidenced by the 20 year 6 month average maturity of their holdings. The general purpose funds of States and municipalities are invested in governments for a relatively short period of time, with Treasury bills in especially heavy demand for this purpose. State and local governments continued to acquire Federal agency securities, increasing their holdings \$0.5 billion. The nonretirement type funds added more than \$0.5 billion of these securities while the pension funds liquidated less than \$50 million.

Foreign and international.—Foreign holdings of U.S. Government securities declined \$0.2 billion—from \$10.3 billion to \$10.1 billion—and governments held by international and regional institutions decreased \$0.1 billion—to a yearend level of \$5.3 billion.

Most of the foreign disinvestment was in marketable securities, rather than special nonmarketable securities issued directly to foreign monetary authorities. The major change during the year was a \$0.3 billion liquidation by German accounts, most of which was offset by an increase in U.S. securities held by Italy.

The decline in international and regional institutions' holdings reflected a \$0.4 billion drop in marketable securities held mainly by the International Bank for Reconstruction and Development, which was partly offset by an \$0.3 billion increase in special noninterest-bearing notes issued to the International Monetary Fund, the International Development Association and the Inter-American Development Bank. On June 30, 1966, international and regional accounts held \$3.8 billion noninterest-bearing special notes and \$1.5 billion marketable issues.

Fiscal year 1966 marked the first time the foreign and international investor group acquired Federal agency securities. During the fourth quarter of the year this group purchased \$0.2 billion of these securities.

Nonfinancial corporations.—Liquidation of U.S. Government securities by nonfinancial corporations continued during the fiscal year, but at a much slower pace than in fiscal 1965—\$1.2 billion in fiscal 1966 compared to \$3.5 billion in fiscal 1965—but corporate holdings of governments were reduced to \$13.9 billion on June 30, 1966—the lowest level of the postwar period. As in fiscal 1965 the liquidation

was mainly the result of large industrial firms switching into higher yielding alternative short-term investments. In fiscal 1966 corporate holdings of negotiable certificates of deposit increased \$2.4 billion and holdings of Federal agency securities increased \$0.4 billion.

Other private nonbank investors.—Nonprofit institutions, nonbank dealers, corporate pension funds, and miscellaneous smaller institutions reduced their holdings of Government securities in fiscal 1966, \$0.6 billion compared to the increase of \$0.5 billion in fiscal 1965. Corporate pension funds dropped \$0.1 billion, while dealers and non-profit and other smaller institutions holdings of Federal securities fell \$0.5 billion.

Commercial banks.—In fiscal 1966 commercial banks were net sellers of Federal securities for the fourth consecutive fiscal year, liquidating \$3.6 billion to help meet strong demand for business and other loans. Reserve city banks accounted for \$2.5 billion of the total reduction, and country and nonmember institutions accounted for \$1.1 billion.

During the first 6 months of the year the larger reserve city banks acquired \$0.3 billion and the smaller banks \$2.3 billion. With the subsequent tightening of credit conditions following the increase in the discount rate in December 1965, holdings of governments of the reserve city banks declined \$2.8 billion and of the smaller banks \$3.4 billion during the second half of the year. The year-to-year increase in bank holdings of State and local government securities was down sharply—\$3.7 billion in fiscal 1966 compared to \$5.1 billion in fiscal 1965—and holdings of Federal agency securities increased \$0.9 billion.

Federal Reserve System.—To provide for growth in member bank reserves and to offset reserve drains caused by sales of gold and other factors affecting reserves, the Federal Reserve System acquired a net \$3.1 billion of Government securities during fiscal 1966. This was \$1.2 billion less than in fiscal 1965, mainly reflecting the reduced outflow of gold in fiscal 1966. Treasury bills accounted for \$2.5 billion of the increase; \$0.6 billion was in coupon securities. As of June 30, 1966, the System Open Market Account held \$42.2 billion of Federal securities with an average maturity of 16 months, compared to 15½ months a year ago.

Government investment accounts.—The holdings of Government investment accounts rose \$3.3 billion in fiscal year 1966—\$1.0 billion more than in fiscal 1965. Special issues accounted for \$2.5 billion of the increase while the remaining \$0.8 billion was in marketable securities. Major increases occurred in the accounts of the unemployment trust fund—\$1.4 billion; the civil service retirement fund—\$1.1 billion; and the Federal hospital insurance trust fund—\$0.8 billion.

At the end of fiscal 1966 the Government investment accounts held \$66.7 billion of Federal securities. Over three-fourths—\$51.1 billion—was in the form of special issues held only by these accounts. The remaining one-fourth included \$2.1 billion of nonmarketable investment series B bonds and \$13.5 billion of other issues—mostly intermediate and longer term marketable securities.

A summary of the Treasury survey of ownership of the interest-bearing public debt and guaranteed debt for fiscal 1966 is shown in table 57.

Taxation Developments

Taxation developments in fiscal 1966 were highlighted by the enactment of the Tax Adjustment Act of 1966, Public Law 89-368, which was approved by President Johnson on March 15, 1966. This measure instituted a system of graduated withholding for individuals and accelerated the existing transitional schedule of estimated income tax payments by corporations with respect to annual tax liabilities in excess of \$100,000 so that the current payment basis would be reached in 1967 instead of 1970. It also deferred reductions in the automobile and telephone excise taxes previously scheduled under the Excise Tax Reduction Act of 1965. Along with its other current payment provisions, the act provided for the making of quarterly payments of estimated self-employment tax and revised the application of the penalties for underpayment of estimated tax by individuals. Among the miscellaneous provisions of the act was the disallowance of deductions for indirect political contributions through advertising in any political publication and payment of admissions to political dinners and programs and inaugural and similar events identified with a political party or candidate.

President's recommendations

The President in his state of the Union message to Congress of January 12, 1966, indicated that increases in military expenditures for continuing operations in Southeast Asia would be necessary and asked the Congress to enact a combination of tax proposals which he outlined. The details of this tax program were presented the next day to the chairman of the Ways and Means Committee in a letter from Secretary Fowler.¹

The Secretary indicated that the increased defense costs came at a time when the Nation was reaping the benefits of prior tax reductions in the form of higher levels of income and employment. The existing economic and financial situation called for avoiding additional stimulus to demand. The President, therefore, was recommending a reschedul-

¹ See hearings before the Committee on Ways and Means on "1966 Tax Proposals of the President," 89th Cong., 2d sess., pp. 19-43.

ing of the gradual reductions in excise taxes on automobiles and telephone service which had been provided by the Excise Tax Reduction Act of 1965. He was also recommending modifications of tax collection procedures for individual income and social security taxes and corporate income taxes which would be an improvement of the tax system as well as have the effect of increasing revenues in 1966 and 1967.

The President's views on the tax proposals were developed more completely in a letter of January 19, 1966, to the chairman of the Ways and Means Committee (exhibit 31), and on the same day Secretary Fowler appeared before the committee to explain the program. On February 25, 1966, the Secretary made a statement before the Senate Finance committee on the same subject (exhibit 32).

In his budget message of January 24, 1966, the President reviewed the important tax reductions put into effect in the years 1962-65 and observed that tax policy must be used flexibly. He stated, "We must be equally prepared to employ it in restraint of an overly rapid economic expansion as we were to use it as a stimulus to a lagging economy." He again outlined his tax program and provided estimates of the revenue effects of the various proposals.

His budget proposals also included a number of new or increased user charges, the largest of which were in the transportation field (highways, airways, and waterways). The President urged the Congress to enact these charges so that the primary beneficiaries would defray a larger part of the costs incurred by the Federal Government in providing these transportation facilities and services. No action was taken during fiscal 1966 on the President's proposals for user charges in the transportation area.

Tax Adjustment Act of 1966

The Congress took prompt action on the President's tax recommendations and the tax bill (Public Law 89-368) was finally approved by both Houses on March 15, 1966, and was signed by the President the same day.

Graduated withholding.—A major feature of the Tax Adjustment Act of 1966 was replacement of the previous single rate withholding system by a six-rate graduated system which incorporates features designed to reflect the greater of the minimum standard deduction or a 10-percent allowance for deductions. The graduated rates, which range from 14 percent to 30 percent, are included in two separate rate schedules, one for single persons and heads of households, and the other, with wider brackets to take account of statutory income splitting, for married persons and surviving spouses.

The minimum standard deduction is taken into account by raising the value of an exemption to \$700 for withholding purposes and by

establishing an initial band of wage income after exemptions, equal to \$200 on an annual basis, from which no tax will be withheld. This is consistent with the provisions regarding the minimum standard deduction, which provide a deduction equal to a basic \$200 for a single person, a head of household, or a married couple, and an additional \$100 for each exemption claimed. For the purpose of graduated withholding, married persons are required to file withholding exemption certificates with their employers if they wish to have the tax withheld from them based on the rates applicable to married couples.

The act establishes a procedure (applicable to tax years beginning after December 31, 1966) whereby taxpayers with relatively large itemized deductions may claim withholding allowances in addition to the regular withholding exemptions. Each of these allowances will have the same effect on withholding from wages and salaries as a claimed exemption, that is, it will exempt \$700 from withholding on an annual basis.

For those with estimated wage or salary incomes of \$7,500 or less, the number of withholding allowances will be based on the amount by which estimated itemized deductions exceed 10 percent of estimated wage and salary income. For those with higher estimated wages, the allowances will be based on the excess over the total of \$750 (10 percent of \$7,500) plus 17 percent of estimated wage and salary income in excess of \$7,500. One allowance may be claimed with respect to each full \$700 of such excess. For example, if his estimated wage income for the year is \$7,000 a taxpayer with \$1,500 of estimated itemized deductions will be permitted to claim one withholding allowance based on the fact that his estimated itemized deductions exceed 10 percent of his estimated wages by more than \$700 but by less than \$1,400.

Ready reference tables will be supplied by the Internal Revenue Service to employers for the guidance of the employees which simplify the determination of the number of withholding allowances to which an employee is entitled (schedule A, form W-4). These tables, which are based on reasonable wage and itemized deduction brackets, are the exclusive method for determining the number of withholding allowances. They may decrease, under defined circumstances, the number of withholding allowances computed under the 10 percent and 17 percent limits to the extent such departure results in withholding which more closely approximates the tax liability.

Claims for withholding allowances are filed by employees with their employers on withholding exemption certificates. Withholding allowances must be claimed anew each year. The act increases the number of dates on which employers are required to recognize changes in the number of exemptions and withholding allowances claimed by employees. In addition to the January 1 and July 1 status deter-

mination dates, the act adds the further dates of May 1 and October 1.

The effect of the graduated withholding provisions of the act as compared with withholding under prior law is indicated in the following table.

*Effect of withholding provisions under the Tax Adjustment Act of 1966 and under prior law*¹

	Withholding under prior law	Change from prior law resulting from—			Withholding under Tax Adjustment Act of 1966
		6-rate system	Extra \$700 allowance ²	Combined total	
All returns:					
Number of returns (millions):					
Overwithholding.....	39.8	-6.3	-0.8	-7.1	32.7
Underwithholding.....	12.5	-3.5	+7	-2.8	9.7
Breakeven ³	10.8	+9.8	+1	+9.9	20.7
Total.....	63.1				63.1
Amount (millions of dollars):					
Overwithholding.....	6,130	+50	-850	-800	5,330
Underwithholding.....	2,700	-1,190	+85	-1,105	1,595
Total withholding.....	36,440	+1,240	-935	+305	36,745
Under \$5,000 adjusted gross income:					
Number of returns (millions):					
Overwithholding.....	20.0	-7.0	-0.1	-7.1	12.9
Underwithholding.....	3.0	(⁴)	+1	+1	3.1
Breakeven ³	8.4	+7.0	(⁴)	+7.0	15.4
Total.....	31.4				31.4
Amount (millions of dollars):					
Overwithholding.....	2,130	-500	-105	-605	1,525
Underwithholding.....	340	(⁴)	+5	+5	345
Total withholding.....	5,720	-500	-110	-610	5,110
\$5,000 to \$10,000 adjusted gross income:					
Number of returns (millions):					
Overwithholding.....	15.0	-1.4	-0.5	-1.9	13.1
Underwithholding.....	5.7	-1.2	+4	-8	4.9
Breakeven ³	2.0	+2.6	+1	+2.7	4.7
Total.....	22.7				22.7
Amount (millions of dollars):					
Overwithholding.....	3,000	-20	-435	-455	2,545
Underwithholding.....	760	-250	+30	-220	540
Total withholding.....	17,140	+230	-465	-235	16,905
\$10,000 and over adjusted gross income:					
Number of returns (millions):					
Overwithholding.....	4.8	+2.1	-0.2	+1.9	6.7
Underwithholding.....	3.8	-2.3	+2	-2.1	1.7
Breakeven ³.....	.4	+2	(⁴)	+2	.6
Total.....	9.0				9.0
Amount (millions of dollars):					
Overwithholding.....	1,000	+570	-310	+260	1,260
Underwithholding.....	1,600	-940	+50	-890	710
Total withholding.....	13,580	+1,510	-360	+1,150	14,730

¹ Based on taxable and nontaxable returns with no declaration payments.

² Assumes $\frac{3}{4}$ utilization by eligible persons.

³ Breakeven defined as within \$10 of the tax liability.

⁴ Negligible.

The average amount of overwithholding and underwithholding under prior law and under the graduated withholding system for all returns and for three income categories is compared in the following table.

Comparison of average amount of underwithholding and overwithholding under the Tax Adjustment Act of 1966 and under prior law

	Under prior law			Under Tax Adjustment Act of 1966		
	Returns	Amount	Average	Returns	Amount	Average
	<i>Millions</i>	<i>Millions</i>		<i>Millions</i>	<i>Millions</i>	
All returns:						
Overwithholding.....	45.2	\$6,130	\$136	43.0	\$5,330	\$124
Underwithholding.....	17.9	2,700	151	20.1	1,595	79
Under \$5,000 adjusted gross income:						
Overwithholding.....	24.2	2,130	88	20.6	1,525	74
Underwithholding.....	7.2	340	47	10.8	345	32
\$5,000 to \$10,000 adjusted gross income:						
Overwithholding.....	16.0	3,000	188	15.4	2,545	165
Underwithholding.....	6.7	760	113	7.3	540	74
\$10,000 and over adjusted gross income:						
Overwithholding.....	5.0	1,000	200	7.0	1,260	180
Underwithholding.....	4.0	1,600	400	2.0	710	355

¹ Returns from the \$10 tolerance breakeven class have been assigned equally to overwithholding and underwithholding.

As is indicated in these tables, the graduated withholding system makes a substantial reduction in underwithholding, decreasing it in the average case from \$151 to \$79. In addition, although primarily concerned with underwithholding, it substantially decreases overwithholding. This is attributable both to the provision for the minimum standard deduction in the lower brackets and to the provision of withholding allowances for those with substantial itemized deductions. It will be noted that in the average case overwithholding is decreased in all three of the major income categories as well as on an overall basis.

The special relief procedures for persons with substantial itemized deductions will apply in years beginning after December 31, 1966.

It was estimated that the proposals relating to graduated withholding would increase the amount of tax withheld by \$1,240 million at annual rates during the calendar year 1966. When the procedures for claiming withholding allowances become effective, this amount would be reduced, if two-thirds of those eligible avail themselves of the procedure, to \$305 million. As a result of the increase in amounts withheld, there would be an increase of \$95 million in budget receipts in the fiscal year 1966 and an increase of \$245 million in budget receipts for the fiscal year 1967. A decrease in revenues of \$230 million was expected in the fiscal year 1968, the year in which the withholding allowance system becomes fully effective.

Payments of estimated social security and hospital insurance taxes by self-employed persons.—Under the act, quarterly payments of estimated self-employment social security and hospital insurance taxes are required. A self-employed person generally will be required to file a declaration of estimated tax whenever the combined total of his

estimated income tax liability and his estimated social security and hospital insurance tax liability exceeds \$40.

Persons whose gross income derived from farming and fishing activities will be at least two-thirds of their estimated gross income from all sources will not be required to make quarterly payments of estimated self-employment tax. Such persons will have until January 15 of the year following the taxable year to file a declaration of estimated tax, and need not file a declaration at all if they choose to file their final tax return by February 15.

A penalty for underpayment of estimated tax will not be imposed unless the amounts paid by the quarterly payment dates are less than the amounts that would be due on those dates if the estimated tax for the year equaled 80 percent of the combined liability for income and self-employment taxes. The penalty will be computed with respect to each installment separately. This is the same as the requirement under prior law for income tax payments alone, except for the substitution of an 80 percent requirement for a 70 percent requirement. Even if the 80 percent rule is not met, no penalty will be imposed if one of four exceptions apply. These exceptions are essentially the same provisions which applied under prior law to income tax payments only.

This provision becomes effective for taxable years beginning after December 31, 1966, and is estimated to increase fiscal 1967 trust fund revenues (which are not reflected in the administrative budget) by \$200 million.

Acceleration of corporation income tax payments.—The act provided for acceleration of corporate tax payments whereby the 7-year transition to a fully current payment system provided under the Revenue Act of 1964 was to be accelerated in 1966 and completed in 1967. This shortening of the transition was estimated to produce increased corporate tax collections of \$1 billion in 1966 and \$3.2 billion in 1967. No change in final tax liabilities was involved.

The shorter transition schedule carried out the President's recommendation. It provided that calendar year corporations would pay 12 percent of their estimated 1966 tax liabilities in April and June of 1966 instead of the previously scheduled 9 percent on each of these payment dates. In 1967 and subsequent years, companies will pay 25 percent of their estimated tax liabilities on each payment date. As under the original current payment provisions of the 1964 Revenue Act and the previous partially current payment provisions of 1954, the new accelerated payment schedule is applicable only to the larger corporations with estimated income tax in excess of \$100,000 and to the portion of estimated income tax liabilities in excess of \$100,000.

The corporate payment schedules under the prior law and the faster transition provided by the Tax Adjustment Act of 1966 are compared in the following table.

Estimated tax payment schedule for calendar year corporations

[Quarterly payments as percentages of tax in excess of \$100,000]

Calendar year	1966				1967	
	Apr. 15	June 15	Sept. 15	Dec. 15	Mar. 15	June 15
Prior law—Revenue Act of 1964						
1966.....	9	9	25	25	16	16
1967.....	14	14	25	25	11	11
1968.....	19	19	25	25	6	6
1969.....	22	22	25	25	3	3
1970 and subsequent years.....	25	25	25	25		
New law—Tax Adjustment Act of 1966						
1966.....	12	12	25	25	13	13
1967 and subsequent years.....	25	25	25	25		

Excise taxes.—Under the provisions of the Excise Tax Reduction Act of 1965 the excise tax rate on passenger automobiles had been reduced from 10 percent to 7 percent for the period June 22, 1965, to December 31, 1965, and had become 6 percent on January 1, 1966. (Refunds were allowed with respect to new automobiles sold to an ultimate purchaser after May 14 and before June 22.) The Tax Adjustment Act of 1966 restored the rate to 7 percent for about a 2-year period beginning March 16, 1966, and ending March 31, 1968. The rate then will become 2 percent, as scheduled under the Excise Tax Reduction Act, and 1 percent on January 1, 1969.

The 10 percent excise tax rate for general and toll telephone and teletypewriter exchange service had been lowered to 3 percent, effective as of January 1, 1966, under the provisions of the Excise Tax Reduction Act of 1965. The Tax Adjustment Act of 1966 restored the 10 percent rate for the period April 1, 1966, to April 1, 1968. At that time the rate will be reduced to the 1 percent scheduled under the Excise Tax Reduction Act and the tax will be repealed on January 1, 1969. The act provides an exemption from the excise tax for telephone services furnished to nonprofit hospitals exempt from income tax.

Revenue effect.—The Tax Adjustment Act of 1966 was estimated to increase administrative budget receipts in fiscal year 1966 by \$1,130 million and by \$4,800 million in the fiscal year 1967. In addition, trust fund receipts in fiscal year 1967 would be expected to increase by a net \$105 million. Quarterly payments of the self-

employment social security tax would increase by \$200 million but would be offset by \$95 million increased expenditures from the payment by the FOASI trust fund of benefits to persons aged 72 or over. (The Tax Adjustment Act of 1966 qualifies certain individuals age 72 or over for old-age benefits even though they have no quarters of coverage under the social security system, provided they do not already receive equal or greater amounts under another Federal, State, or local government pension system.)

The revenue effects of the act for fiscal years 1966 and 1967 are summarized in the following table:

Estimated increases in receipts less expenditure increases under the Tax Adjustment Act of 1966 (Public Law 89-368) for fiscal years 1966 and 1967

[In millions]

	Fiscal year 1966	Fiscal year 1967
Excise taxes:		
Telephone and teletypewriter services.....		\$785
Passenger automobiles.....	\$35	420
Total excise taxes.....	35	1,205
Accelerated corporation tax payments.....	1,000	3,200
Graduated withholding for individuals.....	95	245
Increase declaration requirement to 80 percent.....		150
Total administrative budget.....	1,130	4,800
Self-employment tax, quarterly declaration.....		200
Social security benefits for certain aged persons ¹		-95
Total consolidated cash budget.....	1,130	4,905

¹ The general fund will reimburse the social security trust funds in fiscal year 1969 for benefit payments in fiscal year 1967 and for administrative expenses and interest foregone.

User charges in the transportation field

The President's recommendations regarding user charges in the transportation field were not acted upon by the Congress during the fiscal year 1966. In a letter of March 21 to the Speaker of the House of Representatives, the Secretary of the Treasury and the Secretary of Commerce submitted a draft bill which would have implemented these recommendations. This bill provided for raising additional revenues for the highway trust fund by increased highway user charges on diesel fuel and use of heavy trucks and buses. It also provided for financing the Highway Beautification Act and the proposed Traffic Safety Act from the trust fund by transferring to the trust fund amounts equivalent to a 1-percent excise tax on automobiles, and if such revenues were not sufficient to meet the cost of these programs, additional amounts would be appropriated from the general fund to the trust fund.

Subsequently it was recommended that a separate self-sustaining trust fund be established for highway beautification and traffic safety programs which would be financed during the fiscal years 1967

through 1969 by transferring revenues equivalent to an excise tax of 1 percent on passenger automobiles from July 1, 1966, through December 31, 1966; 2 percent from January 1, 1967, through December 31, 1968; and 1 percent from January 1, 1969, through June 30, 1969. (Letter of June 30 from the Under Secretary of the Treasury to the Chairman of the Ways and Means Committee.) These provisions were incorporated in H.R. 16091, introduced in the Congress on June 30, 1966, but no action was taken on this bill.

The draft bill submitted in March also proposed charges on users of inland waterways and airways. A tax of 2 cents per gallon on all fuel used on inland waterways was proposed.

With respect to airway user charges the draft bill proposed (1) an increase in the tax on air passenger tickets to 6 percent until January 1, 1969, when it would revert to 5 percent; (2) a 2 percent tax on amounts paid for transportation of property by air, with an increase to 4 percent as of January 1, 1969; (3) repeal of the 2 cents per gallon tax on gasoline used in planes subject to the taxes on persons or air cargo; and (4) imposition of a tax of 4 cents a gallon on all fuel (jet or gasoline) used in other civilian planes. The recommendations with respect to the first two items were subsequently modified to propose that the tax on passenger fares be continued at 5 percent, rather than raised temporarily to 6 percent, and that in the case of the cargo tax no provision be made for an automatic increase in 1969 over the 2 percent rate, although some provision should be made for future evaluation of the desirability of an increase. (Submitted in a letter of August 21 from the Under Secretary of the Treasury to the Chairman of the Committee on Ways and Means and also presented in the Under Secretary's testimony of August 24, 1966, before this committee's hearings on airways user charges.)

Social Security Amendments of 1965 relating to health insurance for the aged (Medicare)

The Social Security Amendments of 1965 (Public Law 89-97), approved by President Johnson on July 30, 1965, established two related health insurance programs for persons 65 and over: (1) a basic plan of hospital insurance and related care with financing through a separate earnings tax and a separate trust fund, and (2) a voluntary supplementary plan covering payments for physicians' services and other medical and health services, financed by a small monthly premium (\$6 a month initially—\$3 paid by enrollees and an equal amount paid by the Federal Government from general revenues).

Contributions to finance the hospital insurance plan, paid by employers, employees, and self-employed persons, are to be placed in a separate hospital insurance trust fund established in the Treasury. The earnings base, the amount of annual earnings subject to the new

tax, is the same \$6,600 as the earnings base for purposes of financing the social security cash benefits. The same contribution rates apply equally to employers, employees, and self-employed persons and are as follows:

	<i>Percent</i>
1966.....	0.35
1967-72.....	.50
1973-75.....	.55
1976-79.....	.60
1980-86.....	.70
1987 and thereafter.....	.80

The cost of hospital insurance benefits for persons who are currently aged 65 or over (or will reach age 65 before 1968) but who are not eligible for social security or railroad retirement benefits will be paid from general funds of the Treasury.

With the adoption of these health insurance programs for the aged which are designed to provide protection for the Nation's workers and their families against the high cost of medical care in old age, the need for the special tax provisions regarding the deduction of medical expenses of the aged largely disappeared and these provisions have been repealed for taxable years beginning after December 31, 1966. For taxable years prior to January 1, 1967, elderly persons, in computing their medical expenses, are permitted to deduct the full amount of their medical expenses without being subject to the floors on such costs applicable to other taxpayers which limit the deduction for medical care expenses to the excess of 3 percent and their medicine and drug expenses to the excess of 1 percent of their adjusted gross income.

Two other changes in the medical expense deduction made by the Social Security Amendments of 1965 applicable to all taxpayers and of possible assistance to the aged are: (1) the allowance of a deduction for a portion of health insurance premiums outside the regular medical expense category, and (2) the elimination of the ceiling on the deduction.

Another change made by the Social Security Amendments of 1965 is the provision that cash tips received after 1965 by an employee in the course of his employment are covered as wages for social security and income tax withholding purposes, except that employers are not required to pay the social security employer tax on the tips.

Public Law 89-212, approved September 29, 1965, amends the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act to (1) treat tips received by railroad employees as compensation for purposes of railroad retirement benefits and taxes; (2) increase the base on which benefits and taxes are computed to accord with the wage base provided in the Social Security Amendments of 1965; (3)

provide for a temporary reduction in the rates of tax to be collected from employees, employers, and employer representatives under the Railroad Retirement Tax Act; and (4) permit the payment of a spouse's annuity under the Railroad Retirement Act of 1937 without reduction on account of social security or other railroad retirement benefits.

Other legislation enacted

Public Law 89-352, approved February 2, 1966, amended the tax-exempt organization provisions of the income tax law (section 501(c) of the Internal Revenue Code) to exempt from taxation certain non-profit corporations and associations operated to provide reserve funds for domestic building and loan associations, cooperative banks, and savings banks.

Public Law 89-389, approved April 14, 1966, adopted several amendments dealing with certain problems which have arisen in the operation of subchapter S of chapter 1 of the Internal Revenue Code, relating to the option for certain closely held corporations and their shareholders to be taxed in a manner similar to partnerships and partners. These changes dealt with unintended burdens as well as possible manipulations in connection with the "pass-through" treatment. The new provisions relate to the treatment of (1) cash distributions of dividends within 2½ months after the end of the taxable year, (2) corporations with relatively large proportions of passive investment income during their initial phase of operation, and (3) certain large capital gain distributions shortly after the election of the pass-through treatment. This legislation also repealed the provisions of subchapter R which extended an option for certain partnerships and proprietorships to be taxed basically like corporations, and further provides for the tax-free incorporation of these businesses in certain cases.

Public Law 89-331, approved November 8, 1965, extended the effective date of the excise tax on sugar from June 30, 1967, to June 30, 1972.

Public Law 89-384, approved April 8, 1966, added a new section to the code with respect to losses arising from expropriation, intervention, or confiscation of properties by governments of foreign countries. It grants the taxpayer an election to limit the tax payable upon the recovery of a loss to the amount of tax that was saved as a result of the deduction of that loss.

Public Law 89-365, approved March 8, 1966, grants retired military personnel who participate in the retired serviceman's family protection plan the same tax advantages which are enjoyed by Government personnel under the civil service system. Under prior law, retired military personnel who elected to participate in this plan received less

favorable income, gift, and estate tax treatment than did civil service personnel and private employees who participated in tax-qualified retirement plans. This legislation, by eliminating these disparities, made the retired serviceman's family protection plan a more attractive family security device.

Legislation pending as of June 30, 1966

The following legislation which was pending as of June 30, 1966, was approved by the 89th Congress after the close of the fiscal year:

H.R. 11256 revises the provisions of present law governing the priority of Federal tax liens (as against the claims of third party creditors of delinquent taxpayers) in conformance with modern commercial financing arrangements.

H.R. 6958, which permits the Commissioner of Internal Revenue to require the filing of tax returns at regional service centers, rather than at district directors' offices, is designed to help implement the Internal Revenue Service's ADP program.

H.R. 11660 provides that the Internal Revenue Service shall have 45 days, starting either from the due date for filing an income tax return or the actual filing date, whichever is later, to make interest-free tax refunds.

H.R. 11782 allows a deduction for additions to reserves for certain guaranteed debt securities established by dealers in real and tangible personal property.

H.R. 11765 allows short-term capital gain treatment to gain from the lapse of an option granted by the taxpayer as part of a straddle (added to H.R. 13103, the Foreign Investors Tax Bill of 1966, and approved by the 89th Congress).

H.R. 4665 adds a new section 617 to the code which permits unlimited deduction of domestic (but not foreign) exploration expenditures in the case of mining, but provides that amounts deducted under this new provision would be subject to "recapture" if the mineral property on which such expenditures were incurred reaches production. (Public Law 89-570.)

H.R. 483 amends the Internal Revenue Code of 1954 with respect to the effect of disclaimers on the allowance of the marital deduction for estate tax purposes. (Public Law 89-621.)

H.R. 318 provides that manufacturers or importers of tires and tubes shall be liable for excise taxes at the time of delivery to their retail stores of tires and tubes produced or imported by them. (Public Law 89-523.)

As of June 30, 1966, the following legislation was pending but no final action was taken on it by the 89th Congress:

H.R. 15942 and H.R. 15943 (identical bills) deal with the problems which arise when tax-exempt organizations borrow money for purposes

unrelated to their exempt functions. These bills seek to neutralize the incentive which exists under present law for the transfer of businesses and other classes of productive property to the tax-exempt sector of the economy. This incentive arises because in any acquisition of productive property in which the purchase price is to be financed from the future earnings of the transferred property, tax-exempt organizations are able to pay higher prices than taxable purchasers can afford. The proposed legislation would neutralize this incentive by taxing income derived from property acquired or improved with borrowed funds if the use of the property is unrelated to the organization's exempt function. The 89th Congress took no action on this legislation during the fiscal year 1966, but hearings on these bills were held on August 29, 1966, at which the Assistant Secretary of the Treasury explained the views of the Treasury Department.

H.R. 15119 which proposed changes in the Federal-State unemployment compensation program was passed by the House of Representatives on June 22, 1966, and by the Senate, with amendments, on August 8, 1966, but no final action was taken on it. H.R. 15119 superseded H.R. 8282, the administration's bill, which had been introduced on May 19, 1965. The Treasury Department's views were presented by the Under Secretary of the Treasury at the hearings on H.R. 8282 before the Committee on Ways and Means on August 11, 1965. The aspect of H.R. 8282 which was particularly within the interest of the Treasury Department was the financing of the Federal unemployment adjustment benefits and the matching grants to States for excess benefits costs. These provisions were to be financed by a combination of an additional 0.15 percent tax on employers subject to the Federal Unemployment Tax Act and an equal amount to be appropriated from general revenues. H.R. 8282 also proposed increasing the taxable wage base (now \$3,000) to \$5,600 for calendar years 1967 through 1970 and to \$6,600 thereafter. H.R. 15119 which superseded H.R. 8282 significantly revised these financing provisions as well as other provisions of the bill.

H.R. 14363 proposed special rules for determining in the case of divorced or separated parents which parent is entitled to the deduction for personal exemptions for their children. This bill was approved by the House of Representatives subsequent to the close of the fiscal year (October 7, 1966), but no further action was taken by the 89th Congress.

Administration, interpretation, and clarification of tax laws

During the fiscal year, the Treasury Department issued 35 final regulations, 8 temporary regulations, 2 Executive orders, and 12 notices of proposed rulemaking relating to matters other than alcohol

and tobacco taxes. The Department issued 13 final regulations and 3 notices of proposed rulemaking dealing with alcohol and tobacco tax matters.

Among the subjects dealt with in published Treasury decisions were employee stock options and stock purchase plans, unstated interest paid in connection with contracts for the sale or exchange of property, gains on the disposition of depreciable property, income averaging, multiple surtax exemptions for controlled corporations, the aggregation of mineral interests for percentage depletion purposes, and the tax treatment of foreign expropriation losses.

Notices of proposed rulemaking published during the fiscal year and still pending at the end of the year included those relating to the allocation of income and deductions between controlled taxpayers, the filing of consolidated returns by affiliated groups, the liquidation of personal holding companies, sales of residences of individuals who have attained age 65, and the additional charitable contribution deduction which is permitted for donations to certain organizations.

International tax matters

The Interest Equalization Tax Extension Act of 1965 (Public Law 89-243) was signed by the President on October 9, 1965.¹

H.R. 13103, the Foreign Investors Tax Act of 1966, was passed by the House of Representatives on June 15, 1966. The bill, which is an outgrowth of the recommendations of the "Report of the Fowler Task Force" in 1964, is intended to provide equitable tax treatment for foreign investment in the United States by lowering effective U.S. estate tax rates on taxable estates of foreigners and by separating investment income from business income of nonresidents for U.S. income tax purposes and applying the progressive rate schedules only to the latter. The bill was approved by the 89th Congress after the close of the fiscal year 1966.

Negotiations were concluded with the Federal Republic of Germany and a protocol modifying the 1954 income tax convention was signed on September 17, 1965. The protocol, which serves to update the 1954 treaty, entered into force on December 27, 1965.

A supplementary protocol to update the Dutch Treaty of 1947 was signed on December 30, 1965, and entered into force on July 8, 1966.

Negotiations with the United Kingdom concluded with the signing of a supplementary protocol to the 1945 income tax convention on March 17, 1966. Hearings were held by the Subcommittee on Tax Conventions of the Senate Committee on Foreign Relations on May 13, 1966. The treaty entered into force on September 9, 1966. The need for the supplementary protocol arose from a major reform of the British income tax structure in 1965.

¹ See 1965 annual report, p. 47.

Negotiations were continued with France, Portugal, and Spain during the year. A protocol is being negotiated with France to update the 1945 treaty. New treaties are being negotiated with Spain and Portugal but were not concluded. Discussions leading toward new income tax treaties were initiated with Trinidad and Tobago, Brazil, and Korea, and discussions were continued with India.

Hearings were held in August 1965 by the Subcommittee on Tax Conventions of the Senate Committee on Foreign Relations on the treaty with Thailand.¹ This treaty, as well as those with Israel and the Philippines, was still under consideration by the committee at the fiscal yearend, prior to ratification.

Work proceeded during the year on the regulations to be issued under section 482 of the Internal Revenue Code. These will establish rules for determining the allocation of income between related companies. Tentative regulations were published in the Federal Register of August 2, 1966.

Treasury representatives participated in the work of the Fiscal Committee of the Organization for Economic Cooperation and Development which, this year, included the completion of a model estate tax convention, and its submission to the Council of the OECD.

Federal-State administrative cooperation

Federal-State cooperation in tax administration increased during the year. Cooperative agreements for reciprocal exchange of tax information were negotiated with two additional States (Arizona and Hawaii). As of June 30, 1966, agreements had been signed with 40 States and the District of Columbia, and 2 additional States came into the program shortly thereafter. The use of automatic data processing by the Internal Revenue Service and the adoption of machine processing by many of the States has facilitated the exchange of information. The agreements are tailored to a particular State's tax system and provide for exchange of all types of tax information.

During the year an agreement between the Treasury and the State of Iowa for withholding of the State income tax on salaries of Federal employees by Federal departments and agencies was signed. Of the 33 States which impose personal income taxes on all types of income, 30 provide for withholding of tax on wages and salaries, and the Treasury had agreements with all of these and the District of Columbia as of June 30, 1966.

International Financial Affairs

The U.S. balance of payments

The overall balance.—Following a substantial reduction in the payments deficit during the calendar year 1965, U.S. balance-of-payments

¹ See 1965 annual report, p. 48.

transactions gave mixed, although virtually unchanged, results through the first half of 1966.

These results reflect partially offsetting effects from a variety of actions and developments during the period, including:

- The sharpening and reinforcement for 1966 of the voluntary cooperation program for business corporations and financial institutions which was approved by the President and announced in December 1965,¹ after intensive review by the Cabinet Committee on Balance of Payments chaired by the Secretary of the Treasury;
- a growing tightness of domestic money and credit conditions during the first half of 1966; and
- the heavy direct and indirect costs to the balance of payments since mid-1965, due to increased Vietnam expenditures.

On the liquidity basis, the deficit during the first half of 1966 was running at an annual rate of \$1.4 billion, only slightly larger than the \$1.3 billion deficit in 1965. The deficit on the official reserve transactions basis, on the other hand, has shown a continuing decline over this same period.² Between 1964 and 1965 the official reserve transactions deficit was reduced by \$240 million, and between 1965 and the first half of 1966 (at an annual rate) it was further reduced by approximately \$440 million. A statistical presentation of U.S. balance-of-payments transactions on the various bases, for the calendar years 1963-65 and January-June 1966, is contained in table 99.

The current account.—U.S. exports increased by \$2.2 billion (8 percent) during the first half of 1966 to a seasonally adjusted annual rate of \$28.5 billion. This increase was substantially larger than the \$1 billion (4 percent) increase which occurred between 1964 and 1965. However, imports increased in the first half of 1966 by nearly \$3 billion (14 percent). The trade surplus therefore declined from \$4.8 billion in 1965 to an annual rate of \$3.9 billion in the first half of 1966.

The deficit on travel account continued to grow, from \$1.7 billion in 1965 to an estimated annual rate of \$1.8 billion for the first two quarters of 1966. Although U.S. travel receipts increased somewhat between 1965 and 1966, payments to foreigners increased at an even faster rate.

Between 1965 and the first half of 1966 (at an annual rate) the military account worsened by \$850 million, slightly more than the deterioration in the nonmilitary trade account. About \$200 million of this change resulted from a decline in military receipts (including advance payments), but about \$650 million represented increased

¹ See exhibit 42.

² The deficit on the official reserve transactions basis is equal to that on the liquidity basis *minus* any net increase in U.S. liquid liabilities to foreigners other than official monetary institutions (which under this concept are regarded as capital inflows) *plus* any net increase in certain nonliquid liabilities to foreign official monetary institutions.

military payments. The latter increase is attributable to the added cost of the Vietnam conflict; in the first half of 1966, the rate of U.S. military expenditures in Japan and other countries in Asia was about \$750 million higher than in 1964. Expanded domestic procurement for defense needs has also stimulated higher imports in a number of commodity groups on the nonmilitary trade account.

Private capital flows.—Net outflows of U.S. and foreign private capital combined (excluding liquid dollar holdings of foreigners) showed substantial improvement, declining from \$3.7 billion in 1965 to a \$1.5 billion annual rate in the first half of 1966. This reflected an increase in foreign-capital inflows from only \$3 million net in 1965 to a \$2.5 billion rate in the first half of 1966, partly offset by a small increase in outflows of U.S. private capital.

Total outflows of U.S. private capital rose from \$3.7 billion in 1965 to an annual rate of \$4.0 billion during the first half of 1966. This included reinvestment abroad of funds borrowed through issues of U.S. corporate securities abroad to finance direct investment. Excluding the outflow of these foreign-source funds, the net outflow of U.S.-source capital was down to an annual rate of \$3.0 billion in 1966 as compared with an outflow of \$3.5 billion during 1965.

During the first half of 1966, total direct-investment outflows (net of the funds borrowed abroad) were at an annual rate of \$2.7 billion, compared with \$3.1 billion in 1965. This net figure was held down by the voluntary restraint program under which U.S. companies were asked to finance foreign expansion with funds borrowed abroad to the maximum extent feasible.

Net outflows of U.S. capital for the purchase of foreign securities continued at the 1965 pace through the first half of 1966. Canada remained the major recipient of these funds. The interest equalization tax and narrowed interest-rate differentials prevented significant outflows to other developed countries during 1966 and there was some net inflow from continental Europe as sales of outstanding foreign securities by U.S. residents exceeded purchases.

The effect of tight credit was clearly visible in the foreign lending behavior of U.S. banks. Whereas the voluntary restraint program for banks would have permitted a substantial net increase in their outstanding claims on foreigners during 1966, claims reported by banks (including some not covered by the program) declined by \$264 million (seasonally adjusted annual rate) during the first half of 1966. More than half of their net repayment by foreigners to U.S. banks during 1966 was accounted for by Japanese borrowers.

Nonbank claims on foreigners showed an adverse shift of about \$700 million, from an unusual net inflow of \$345 million in 1965 to an outflow of \$366 million (annual rate) in the first half of 1966. How-

ever, roughly \$250 million of this change represented the temporary deposit abroad by U.S. corporations of part of the proceeds derived from their European security issues to finance direct investment.

Total inflows of nonliquid foreign capital rose from \$194 million in the first half of 1965 to \$1.2 billion in the first half of 1966. If these totals are adjusted to exclude all U.K. transactions (which were dominated by U.K. Government liquidation of U.S. corporate securities) and also the issues by U.S. corporations to finance direct investment abroad, they appear as follows: \$426 million in the first half of 1965; \$97 million in the second half of 1965; and \$797 million in the first half of 1966.

Part of the greater inflow in the first half of 1966 was accounted for by net foreign purchases of U.S. stocks. Foreigners switched from net liquidations of \$100 million in U.S. stocks in 1965 to net purchases (about \$300 million at an annual rate) in the first half of 1966. The major changes were by residents of Switzerland, Canada, other continental Europe, and Latin America.

Inflow of foreign capital into long-term bank time deposits and certificates of deposit, which had amounted to almost \$200 million in the first half of 1965 (largely representing investment of proceeds of an IBRD bond issue) but was negligible in the second half, rose to \$461 million in the first half of 1966.

The inflow of foreign liquid funds increased sharply in the first half of 1966, channeled mainly through the foreign branches of U.S. banks operating in the Euro-dollar market. The inflow from foreign commercial banks (including branches of U.S. banks) was about \$750 million, seasonally adjusted, in the first half of 1966, as a result of strong U.S. head office demands for funds. With the rate on Federal funds at times as high as 6 percent and with liabilities "due to foreign branches" not being subject to a reserve requirement, it was profitable for U.S. banks through their foreign branches to offer more than 6 percent for Euro-dollar deposits.

Inflows of foreign nonbank private liquid funds have continued about unchanged this year at the \$300 million-\$400 million annual rate of 1963-65. This inflow was more than offset in the first half of 1966 by declines in the liquid U.S. assets of international institutions—which were, however, largely the counterpart of their increased purchases of nonliquid U.S. assets.

Treasury foreign exchange reporting system.—Progress was made during fiscal 1966 in improving the Treasury reporting system covering capital movements between the United States and foreign countries. A canvass of nonbanking financial institutions was completed, producing substantial additions to reported figures on sales of foreign bonds to U.S. residents and some additions to other statistical series. All

banks and nonbanking institutions reporting on the Treasury forms were provided with special instructions clarifying the reporting of custody items held by business concerns through banks. The forms used by banks to report long-term foreign claims and liabilities were revised to provide a breakdown of their liabilities to various types of foreign institutions.

During the year extensive preparations were made for the automatic data processing of the Treasury foreign exchange reports. Necessary arrangements had been completed by the fiscal yearend so that automatic processing could be started early in fiscal 1967.

The Treasury regulations governing the foreign exchange report forms were amended to include revised determinations of the National Advisory Council and the Bureau of the Budget relating to the legal basis for collection of the data by the Treasury Department. Revised documents covering the geographical classification and the list of foreign official institutions for reporting purposes were prepared for use by reporting institutions.

Gold and dollar holdings.—Gold, short-term dollars, and marketable U.S. Treasury bonds and notes held by foreign countries (excluding gold holdings of the U.S.S.R., other Eastern European countries, and China mainland) amounted to about \$53.4 billion as of June 30, 1966. Of this total, official gold holdings were \$27.2 billion. Official and private short-term dollar assets held with banks in the United States were \$24.5 billion, and estimated official and private holdings of marketable U.S. Government bonds and notes amounted to \$1.6 billion. (See table 96.)

During fiscal 1966, gold and dollar holdings of foreign countries increased by \$2.0 billion. The increase in official gold holdings of these countries, derived from all sources, was \$350 million. The \$1.6 billion expansion in the dollar holdings of foreign countries reflected a rise of \$1.2 billion in private accounts and \$0.4 billion in official accounts of foreign countries.

Western European countries augmented their gold and dollar assets by \$1.3 billion during fiscal 1966, approximately one-half the fiscal 1965 gain of \$2.5 billion.

Canadian gold and dollar holdings declined by \$338 million. Gold and dollar holdings in other areas continued to rise. Latin American holdings increased by \$153 million. The total gain of Asiatic countries was \$457 million, while African holdings increased by \$303 million. The rest of the world gained \$51 million.

The gold and dollar holdings of international and regional organizations increased by \$339 million during fiscal 1966. Those of the IMF increased by \$932 million, while the holdings of other international and regional organizations declined by \$593 million.

The official gold holdings of the world (including the United States and international and regional institutions, but excluding the U.S.S.R., other Eastern European countries, and China mainland) increased by an estimated \$300 million during fiscal 1966, amounting on June 30, 1966, to \$43.3 billion. Of the world total, the United States held \$13.5 billion and international and regional institutions \$2.6 billion. (See tables 96 and 97.)

Treasury exchange and stabilization agreements

Exchange agreements with Brazil, Chile, Colombia, the Dominican Republic, Mexico, and Venezuela were in effect during the fiscal year 1966.¹ The Treasury signed a 2-year \$75 million exchange agreement with Mexico on December 30, 1965,² and a 2-year \$50 million exchange agreement with Venezuela on March 18, 1966.³ A 1-year Treasury exchange agreement with Colombia in the amount of \$12,500,000 became effective on April 1, 1966.⁴ For the first time in Treasury exchange agreements, those with Mexico and Venezuela provided for reciprocal currency swap facilities.

Foreign exchange operations

The position of the dollar in the exchange markets during fiscal year 1966 was generally improved over that of recent years. The improvement began following the President's balance-of-payments message of February 1965, and was sustained as the measures put into effect at that time cut the U.S. balance-of-payments deficit for 1965 to about half that of 1964. Tightening money market conditions in the United States helped stem the outflow of capital. In addition, the balance-of-payments positions of some continental countries, notably Germany, deteriorated somewhat, thereby improving the relative position of the dollar.

Although sterling showed great improvement in fiscal year 1966, speculative pressure was still quite strong in July and most of August 1965, reflecting continuation of the 1964 crisis. In September 1965, however, confidence in the improving position of sterling was evidenced by announcement of substantial new credit facilities to the Bank of England by the United States and other major financial centers. Following that announcement and continuing through most of the winter, there were substantial reflows of funds into sterling. Early in 1966, however, these reflows tapered off and the British seamen's strike, starting in mid-May, brought severe pressure on an already weakening pound sterling. By the close of the fiscal year sterling was again under attack.

¹ See table 100.

² See exhibit 64.

³ See exhibit 69.

⁴ See exhibit 70.

In December 1965 there was some strengthening of continental currencies against the dollar reflecting the usual yearend window-dressing operations, and the United States had occasion to draw upon the Federal Reserve swap lines in order to absorb some of the dollar inflows accruing to official European reserves. With the reversal of these normal yearend pressures, the United States was able to repay the swap drawings it had made. In addition, the Treasury acquired foreign exchange which enabled it to reduce substantially its foreign currency obligations principally in the form of special Treasury bonds issued in prior years and denominated in German marks and Swiss francs. Utilization of these special securities and the swap facilities have been extremely helpful in dealing with the ebb and flow of funds across the exchanges not only in periods of crisis, but to counter seasonal and medium-term cyclical movements of funds.

Gold sales by the United States during the fiscal year were considerably below those of the previous year, \$378 million compared to \$1,473 million in fiscal year 1965. France continued to be the principal purchaser of gold from the United States during the period and the French franc, reflecting a continuing large French balance-of-payments surplus, was at or near its ceiling against the dollar throughout the year.

The operations undertaken by the Treasury and Federal Reserve are described in detail in articles published semiannually by the Federal Reserve Bank of New York which as agent or manager carried out the operations of both the Treasury and the Federal Reserve. (See exhibits 54 and 55.)

International monetary arrangements

Negotiations on the modernization and improvement of the international monetary system accelerated during the fiscal year.

The Secretary of the Treasury in July 1965 announced that the President had authorized him to initiate multilateral negotiations to strengthen the international monetary system.¹ It was agreed that a desirable first step would be to determine the extent of basic agreement among the major industrial countries—the so-called Group of Ten (Belgium, Canada, France, Germany, Great Britain, Italy, Japan, the Netherlands, Sweden, and the United States).

This first phase of contingency planning for future reserve creation was launched by the Ministers and Governors of the Ten at the time of the annual meeting of the International Monetary Fund in September 1965.² These officials had previously examined the outlook for the functioning of the international monetary system and the probable future needs for liquidity. They had also reviewed a de-

¹ See exhibit 37.

² See exhibit 41.

tailed examination of various proposals for the creation of reserve assets prepared by a special study group. They now agreed that it was important to begin more specific planning to insure that the future reserve needs of the world would be adequately met.

The Deputies of the Group of Ten, meeting at approximately monthly intervals, promptly undertook to determine the basis for agreement that could be reached. The United States was represented by Under Secretary of the Treasury for Monetary Affairs Deming and Governor Daane, a member of the Board of Governors of the Federal Reserve System. Development of the U.S. position at these meetings was assisted by the Secretary's Advisory Committee on International Monetary Arrangements (see exhibit 56), as well as through frequent contacts with members of congressional committees most closely concerned. A significant congressional contribution to work in this field was "Guidelines for Improving the International Monetary System," a report of the Subcommittee on International Exchange and Payments of the Joint Economic Committee, published in August 1965.

The report of the Deputies, made public on August 25, 1966, covered the progress made in these negotiations during the year 1965-66. It made clear that a substantial consensus exists as to the direction and general shape of the improvements that need to be made in the international monetary system. In particular, the Deputies foresaw a forthcoming global shortage of reserves, and reached wide agreement on the principles applicable to deliberate reserve creation and on the elements to be considered in contingency planning for such creation of reserves in the future. They agreed that decisions as to amounts to be created should be based on a collective judgment of reserve needs of the world as a whole over a period of years, and that new reserves should be distributed to all members of the International Monetary Fund. It was also agreed that provisions for decisions on the creation and management of deliberately created reserve assets should reflect both (1) the legitimate interest of all countries in the adequacy of international reserves, and (2) the particular responsibilities of a limited group of industrial countries.

In addition to contingency planning for reserve creation, the Deputies explored other aspects of improving the international monetary and payments system. Consideration was given to the merits of harmonizing reserve policies and to other possible approaches to protecting the monetary system from reserve contraction resulting from movement of funds to high gold ratio countries. To this end it was suggested that the existing multilateral surveillance procedures be strengthened to encompass a periodic review of reserve policies. Ways of making reserve positions in the International Monetary Fund

more attractive as reserve assets were explored, as were the possibilities of further refinement and extension of short-term credit facilities. The advisability of a further examination of the problems involved in ad hoc long-term loans of reserves was also discussed.

The Ministers and Governors of the Group of Ten reviewed the report by their Deputies at a meeting in the Hague in July 1966. The Secretary of the Treasury headed the U.S. delegation. Except for one member, the Group of Ten agreed that it was now appropriate to look for a wider framework in which to consider the questions that affect the world economy as a whole. With this in view, and after consulting with the Managing Director of the International Monetary Fund, they recommended a series of joint meetings in which the Deputies would take part together with the Executive Directors of the Fund. This second stage of negotiations will be designed to assure that the basic interests of all member countries in the International Monetary Fund are adequately considered and represented before significant intergovernmental agreements for formal structural improvements of the monetary system are concluded.

The International Monetary Fund

During the fiscal year 1966, the International Monetary Fund provided \$1,424 million in various currencies to 28 member countries. United States drawings totaled \$580 million.¹ A drawing of \$300 million in five foreign currencies in July 1965 constituted the first drawing by the United States which was not intended to facilitate repurchases by other members of the Fund. The remaining U.S. drawings, all in Canadian dollars, represented a continuation of technical drawings which began in February 1964; under these technical drawings currencies drawn are sold for dollars to other Fund members for their use in making repayments to the Fund. Under the Articles of Agreement, members are prohibited from making repayments to the Fund in a specific currency if the Fund's holdings of that currency exceed 75 percent of the country's quota. During all of fiscal year 1966 the Fund's holdings of dollars exceeded 75 percent of the U.S. quota. Although the cumulative total of U.S. drawings on the Fund through June 30, 1966, amounted to \$1.2 billion equivalent, the net drawings of the United States, which are reduced by dollar drawings of other countries, amounted to \$530 million. During the fiscal year these net drawings increased by \$443 million, representing a utilization to that extent of the U.S. reserve position in the Fund.

India's drawing of \$275 million was the second largest for the fiscal year; about 11 percent of this drawing was in dollars. The United Kingdom drew \$122.5 million, in order to finance its gold subscription in connection with an increase in its quota. Among other relatively

¹ See exhibits 59, 65, 67, 68, and 71.

large transactions during the year, Yugoslavia drew \$87.5 million and New Zealand drew \$70 million.

The Canadian dollar was the currency most used in Fund transactions in fiscal 1966 largely as a result of the U.S. drawings. The equivalent of \$359.7 million in Canadian dollars was drawn from the Fund, representing 25.3 percent of total drawings. During the fiscal year the Fund sold \$223.6 million equivalent in Deutsche Marks and \$136.7 million in U.S. dollars. Repurchases amounted to \$440.8 for the fiscal year ending June 30, 1966, of which \$295.5 million were in Canadian dollars. Indian repurchases totaled \$75 million; Argentina repurchased \$60.0 million; and Chile repurchased \$39.5 million. Twenty-five other countries repurchased the remaining \$266.3 million.

The resources of the Fund were enlarged substantially as a result of increases in quotas, which became effective February 23, 1966, when countries holding two-thirds of total quotas had consented to quota increases of 25 percent. Sixteen countries were permitted to increase their quotas by more than 25 percent. If all countries consent to new quotas the total quotas will approximate \$21 billion. On July 1, 1965, the United States agreed to increase its quota by \$1,035 million of which 25 percent was payable in gold.¹ The new U.S. quota is \$5,160 million.

Each member country increasing its quota must pay an additional subscription equal to the increase in its quota, of which 25 percent is payable in gold and the rest in its own currency. While some countries will make the necessary gold payment from their own reserves, others may purchase the gold from reserve currency members, particularly from the United States or the United Kingdom. In order to divert gold purchases from the two reserve currency centers, the Fund has provided that members finding it difficult to make prompt payment of the 25 percent gold portion may request an exchange transaction in order to purchase gold from the monetary authorities of nonreserve currency members. Up to the equivalent of \$150 million of such exchange transactions would be permitted in currencies which the Fund would then replenish by the sale of its gold to those members up to the amount of the drawings. During the Fund's fiscal year, which ended April 30, 1966, the Fund sold \$147,937,500 in gold to the Federal Republic of Germany and Belgium under this arrangement.

In addition the Fund is prepared to mitigate the impact of gold purchases from the reserve currency countries by placing on deposit up to \$350 million in gold with its depositories in the United States and the United Kingdom, thereby offsetting the effect of gold purchases up to this amount on the gold reserves of these countries.

¹ See 1965 annual report, p. 447, exhibit 67.

During the Fund's fiscal year the Fund deposited \$181 million in the United States and \$39.7 million in gold in the United Kingdom.

The Fund assured the continued availability of additional resources through a 4-year extension of the General Arrangements to Borrow. This is an agreement on the part of 10 major industrial countries to lend to the Fund the equivalent of \$6 billion if needed to forestall or cope with an impairment of the international monetary system.

The National Advisory Council on International Monetary and Financial Policies

The National Advisory Council on International Monetary and Financial Problems was originally established by the Bretton Woods Agreements Act of July 31, 1945 (59 Stat. 512, 22 U.S.C. 286b). Reorganization Plan No. 4 of 1965, 79 Stat. 1321 (5 U.S.C. Supp. I 133z-15) effective July 26, 1965, abolished the National Advisory Council as a statutory body and transferred its functions to the President. This was part of an overall effort to streamline and modernize interagency committees, undertaken to eliminate the overlapping of functions and to assure the flexibility necessary to adjust to the development of new programs and shifts in executive branch responsibilities. Executive Order 11238 (3 C.F.R., 1965 Supp., p. 161), dated July 28, 1965, effective July 27, 1965, reestablished an interim Council with "the same members, functions, and status" as its predecessor, to operate until January 1, 1966.

Executive Order 11269 (31 F.R. 2813), dated February 14, 1966, and effective January 1, 1966, established the new National Advisory Council on International Monetary and Financial Policies with the same membership (i.e., the Secretary of the Treasury, who is the Chairman of the Council, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the President of the Export-Import Bank of Washington) to carry out functions previously performed by the National Advisory Council on International Monetary and Financial Problems.

Programs for financing economic development

The International Bank for Reconstruction and Development.—During fiscal 1966 the Bank authorized 37 loans in 29 member countries totaling \$839.2 million. Latin America was the largest recipient of Bank loans, totaling \$374.7 million (44.6 percent of Bank loans for the year), Asia received \$233.5 million (27.8 percent of Bank loans), Africa received \$141.0 million (16.8 percent of Bank loans), and Europe (Finland, Portugal, and Spain) received \$90 million (10.8 percent of Bank loans). Distribution of IBRD loans by purpose was as follows: Transportation, \$312 million; electric power, \$231.5 million; agriculture, \$120.7 million; industry, \$107.5 million; communica-

tions, \$41.8 million; water supply, \$21.3 million; education, \$2.75 million; and engineering, \$1.7 million. The largest single loan during the fiscal year, \$110 million, was for electric power development in Mexico. Disbursements by the Bank during the year amounted to \$668.4 million compared with \$606 million in fiscal year 1965.

The Bank's funded debt increased to \$2.6 billion, a rise of \$81.9 million. This reflected in part a \$20 million Canadian dollar bond offering (U.S. \$18.6 million), and a private placement outside the United States of \$100 million 2-year bonds to central banks and governmental institutions in 22 countries and to one international organization. Although the Bank offered a new bond issue in the United States for \$175 million just before the fiscal yearend, the funds became available after June 30 and were not included in fiscal 1966 totals. The proceeds of this issue were so handled as to have no effect on the U.S. balance of payments. Maturing bonds and notes totaling \$164 million were refinanced during the fiscal year.

The sale of loan maturities by the Bank declined because of rising yields on competing securities and as a result of the Bank's policy of not selling in the U.S. market loans of countries whose securities are subject to the United States interest equalization tax.

During the year the Bank received approval for a change in its charter to allow it to enlarge, on a loan basis, the financial resources of the International Finance Corporation.¹ The amendment will permit the Bank to lend the IFC up to approximately \$400 million.

The IBRD, in September 1965, set aside \$75 million from its fiscal 1965 net income for transfer to the International Development Association in the form of a grant.

Because of rising interest rates in world markets, the Bank announced that interest charges to less-developed countries would be increased from 5½ percent to 6 percent, while loans to the more developed countries could be at rates up to 7 percent.

The proposed Convention on the Settlement of Investment Disputes Between States and Nationals of Other States² was signed by Secretary Fowler on August 27, 1965, approved by the Senate on May 16, 1966, and ratified by President Johnson on June 1, 1966. The Convention is expected to improve the climate for international investment. It will come into force 30 days after 20 governments have both signed it and deposited their instruments of ratification. As of June 30, 1966, the Convention had been signed by 44 countries and ratified by 9 of them.³ The Bank is also attempting to outline a multilateral program for insuring international investment against other than normal business risks.

¹ See exhibit 53.

² See exhibit 49.

³ The Convention entered into force Oct. 14, 1966.

The Bank's activities in technical, advisory, and planning assistance continued. Consultative groups were organized for Malaysia, Thailand, and Tunisia. The Bank was also a member of a consortium for Greece and Turkey administered by the OECD and a participant in a consultative group for Ecuador organized by the IDB. Coordinating development assistance from various multilateral and bilateral agencies has become a major function of the Bank. By coordinating the development needs of receiving countries with the technical and financial assistance available from the providing countries, the Bank is helping to achieve a more efficient use of development resources and more rapid increases in the productivity of recipients.

Membership in the Bank increased to 103 with the admission of Malawi and Zambia.

The International Development Association.—During the fiscal year the IDA approved 12 credits totaling \$284.1 million to 8 member countries. Industrial development credits amounted to \$123 million, transportation to \$97.1 million, and education to \$31.2 million. Disbursements were \$266.9 million, compared to \$222 million for fiscal year 1965.

Aggregate credits approved by IDA through June 30, 1966, increased to \$1.37 billion to 31 countries and territories. Total disbursements increased to \$681.5 million or 49.7 percent of total IDA commitments.

As noted above, IDA received a grant of \$75 million from the IBRD in fiscal 1966. During the fiscal year IDA's lendable resources increased by \$3.6 million through the release by Yugoslavia of its subscribed local currency for lending on a convertible currency basis, bringing the total of such releases to \$8 million. Sweden made an additional supplementary contribution of \$5 million, bringing to over \$23 million the total of such supplementary contributions.

The International Finance Corporation.—During the fiscal year 1966, IFC invested \$35.6 million in 21 different enterprises in 16 member countries. Nine of these investments totaling \$9.5 million, represented further commitments to firms in which IFC had outstanding investments. Equity investments amounted to \$15.7 million and loan investments to \$19.9 million. The largest IFC commitment this year was \$6.1 million to help finance the construction of a pulp and paper mill in Brazil.

As of June 30, 1966, the IFC had made total commitments of \$172.4 million, involving 124 transactions in 34 member countries. The IFC has broadened the international market for securities of private enterprises by selling to private investors equity and debt instruments equal to 19.4 percent of its total investment commit-

ment. Up to June 30, 1966, 7.2 percent of IFC investment commitments had been repaid.

The Articles of Agreement of the IFC were amended during the fiscal year to permit IFC to borrow from the IBRD an amount up to four times the unimpaired subscribed capital and surplus of IFC. This change will add approximately \$400 million to the potential resources of IFC. World Bank loans to IFC will bear the standard interest rate charged by the Bank at the time the funds are committed. This borrowing facility puts the IFC in a position to make substantially larger individual investments (as of June 30, 1966, the largest IFC investments were about \$6 million).

With the admission of Malawi, Zambia, and Nepal, IFC membership rose to 81 countries.

*The Inter-American Development Bank.*¹—To obtain resources for its lending operations, the IDB, through June 30, 1966, had borrowed \$374 million equivalent backed by its callable capital. There were three Bank borrowings in fiscal year 1966: a \$24.2 million equivalent lira bond issue in Italy in January 1966; a \$65 million short-term dollar bond issue outside the United States in April 1966, of which \$57 million was purchased by financial agencies of 15 Latin American member governments, \$5 million by Spain, and \$3 million by Israel; and a \$10 million equivalent direct borrowing in yen from the Export-Import Bank of Japan in June 1966. Drawings chargeable to the Japanese loan will be backed by the Bank's callable capital. Added to previous borrowings outside the United States amounting to \$60 million equivalent, the three Bank borrowings during fiscal year 1966 brought the total raised in foreign markets to the equivalent of \$159 million.

The resources of the Fund for Special Operations total \$1,119 million. Following earlier contributions totaling \$150 million, the United States, pursuant to the increase in resources approved in fiscal year 1965, made a further contribution of \$750 million, payable in three equal installments. The second of three payments toward this increased contribution was made in December 1965. The final payment will be due at the end of calendar 1966.

Through June 30, 1966, the Bank had authorized 129 loans amounting to \$678.0 million equivalent from its Ordinary Capital, 99 loans amounting to \$461.3 million equivalent from the Fund for Special Operations, and 117 loans from the Social Progress Trust Fund amounting to \$501.2 million—a total of 345 loans amounting to \$1,640.6 million equivalent. In addition the Bank had authorized three loans amounting to \$4.9 million equivalent from Canadian

¹ For background on the establishment and operations of the Inter-American Development Bank (IDB), see 1965 annual report, pp. 58–60.

funds which it administers on behalf of the Government of Canada. Total disbursements from all funds amounted to \$666 million through fiscal year 1966.

In September 1965, the existing agreement of the IDB with the Government of Canada was expanded by 10 million Canadian dollars to a total of 20 million Canadian dollars. These funds are provided at low or no interest and with maturities of up to 50 years. Also in September, the Government of the Netherlands agreed to make available the equivalent of \$10 million in guilders for loans to finance development projects in Latin America. Loans approved by the Government of the Netherlands will be extended on terms of up to 25 years maturity and at rates of interest not to exceed the rate charged by the Bank on its Ordinary Capital loans. In April 1966, the Bank entered into an agreement with the Government of the United Kingdom which provides \$11.6 million equivalent in pounds sterling for loans to Latin American member countries. Funds provided by the United Kingdom will have maturities of between 15 and 25 years and will be used for purchases in the United Kingdom.

The Asian Development Bank.—The Asian Development Bank is designed to encourage the economic development of the countries of Asia by providing multilateral financing of sound development projects. The Bank is the first institution of its kind to be established as a result of broad Asian initiative for the purpose of fostering economic growth in Asia. Membership in the Bank is limited to countries that are members of the United Nations Economic Commission for Asia and the Far East, other regional countries and nonregional developed countries which are members of the United Nations or of any of its specialized agencies.

Negotiations on the Asian Development Bank Charter took place at a meeting of the Preparatory Committee in Bangkok from October 21 to November 1, 1965, at which the U.S. delegation was headed by Assistant Secretary of the Treasury Merlyn N. Trued.¹ The agreement establishing the Asian Development Bank was signed at Manila at a conference of plenipotentiaries held December 2-4, 1965. Signatories on behalf of the United States were Eugene R. Black, Adviser to the President on Southeast Asia Economic and Social Development, and Joseph W. Barr, Under Secretary of the Treasury.

The authorized capital of the Bank is \$1 billion, of which \$350 million may be subscribed by developed countries outside the Asian region. The United States and Japan have each subscribed to \$200 million; India, \$93 million, and Australia, \$85 million. Twelve nonregional developed countries, including the United States, have subscribed to the authorized total of \$350 million for such countries.

¹ See exhibit 62.

One-half of the subscription of each member is to be paid-in capital, payable in five equal installments. The remaining half of each subscription is to be callable capital, and is to be used to provide backing against which the Bank will be able in the future to sell bonds in the capital markets of the world. The Bank may also add to its lendable resources by selling portions of loans from its portfolio, with or without its own guarantee.

In January 1966 the President submitted to Congress draft legislation providing for U.S. participation in the Bank and the Treasury issued a "Special Report on the Proposed Asian Development Bank"¹ which recommended U.S. membership. In January and February 1966 Secretary of the Treasury Fowler and Under Secretary of the Treasury Barr² appeared before committees of the Congress to add their support to the President's request for congressional approval of U.S. participation. In his testimony, Secretary Fowler said that the Bank would make sound loans for economic development in Asia, and that its loans would complement and extend the effectiveness of the economic assistance presently being extended by the United States. On March 16, 1966, the President signed the Asian Development Bank Act (Public Law 89-369), which authorized membership in the Bank for the United States and an appropriation of \$200 million as the U.S. capital contribution to the Bank.³

The Export-Import Bank.—During the fiscal year 1966 the Export-Import Bank authorized over \$2.1 billion in loans, guarantees and export credit insurance to assist in financing the sale of American goods and services overseas. Authorizations for long-term capital loans totaled \$944.2 million; and exporter credits and guarantees amounted to \$306.7 million. Export credit insurance extended through the Foreign Credit Insurance Association (FCIA) amounted to \$692.8 million in the fiscal year. Other authorizations included \$122.2 million in special foreign trade credits, \$76.0 million in commodity credits, and \$0.1 million for insurance covering U.S. goods on consignment.

The Bank disbursed \$683.1 million in fiscal 1966. During the year, private participation in the Bank's loans totaled \$853.2 million, of which \$760.5 million represented sales of portfolio participation certificates to private financial institutions. The Bank earned \$178.7 million in interest and fees, and paid \$13.8 million in interest on funds borrowed from the Treasury. In addition, the Bank paid \$45.9

¹ "Asian Development Bank Act," hearings before the Committee on Foreign Relations, U.S. Senate, 89th Cong., 2d sess., on H.R. 12563, Feb. 16, 1966, pp. 124-134.

² See exhibit 48.

³ On Aug. 16, 1966, the United States deposited its instrument of ratification of the Asian Development Bank at the United Nations. The Articles of Agreement became effective and the Bank came into existence on Aug. 22, 1966. The Board of Governors of the Bank held its inaugural meeting in Tokyo from Nov. 24-26, 1966.

million in interest and other financial expenses. A dividend of \$50 million was declared on the stock of the Bank held by the Secretary of the Treasury. At the fiscal yearend, the Bank's retained income reserve for contingencies amounted to \$1,008.1 million, and its uncommitted lending authority was \$3,083.9 million. Receipts of principal and interest on the Bank's outstanding credits during fiscal 1966 amounted to more than \$725 million.

The Agency for International Development.—Total U.S. dollar commitments by AID during fiscal 1966 amounted to approximately \$2.7 billion, of which \$1.3 billion, or 48 percent, was on a loan basis. The Far East received \$854 million, including \$80 million in loans; Latin America received \$684 million, of which \$544 million was on a loan basis; the Near East and South Asia received \$664 million, of which \$584 million, or 88 percent, was in the form of loans; and Africa received \$177 million, of which \$90 million was on a loan basis. The balance (\$287 million) was utilized for nonregional programs such as U.N. technical assistance, the U.N. Children's Fund, plus general program support and administrative expenses. AID continued its policy of direct procurement in the United States to minimize the impact of its expenditures on the U.S. balance of payments. At the end of fiscal 1966, over 85 percent of all AID dollars was committed directly for the purchase of U.S. goods and services.

Annual meetings of international financial institutions

International Monetary Fund and International Bank.—The 1965 annual meetings of the Boards of Governors of the International Bank for Reconstruction and Development and its affiliates and of the International Monetary Fund were held in Washington, September 27 to October 1.

Secretary Fowler, the U.S. Governor of the international institutions, headed the U.S. delegation, which included members of the National Advisory Council, members of congressional committees responsible for legislation relating to these institutions, and other officials of the Government concerned with international financial matters. The Alternate Governor was Under Secretary of State for Economic Affairs Thomas C. Mann. Temporary Alternate Governors were Under Secretary of the Treasury Barr, Under Secretary of the Treasury for Monetary Affairs Deming, Assistant Secretary Trued, and Livingston T. Merchant and William B. Dale (U.S. Executive Directors of the Bank and Fund, respectively).

The Board of Governors supported a proposal that the Executive Directors of the International Development Association study the need for additional resources to be provided in 1968 and subsequent years. It was noted that the need for development assistance on concessional terms was increasing, in view of the heavy obligations of

the less-developed countries. The Board of Governors also approved the transfer of \$75 million of the International Bank's net earnings to the IDA. The President of the Bank noted the amendment of the Bank and IFC charters permitting the IFC to borrow from the Bank, and progress in the adoption of the "Convention for the Settlement of Investment Disputes" proposed by the Bank.

The discussions at the meetings of the International Monetary Fund were largely devoted to the problem of international liquidity.¹

Secretary Fowler in his remarks of September 29, 1965,² reviewed the activities of the Fund and the steps taken for further international monetary cooperation.

International monetary cooperation, he stated, should provide credit facilities to offset destabilizing movements of short-term capital, while the IMF must continue to provide assistance to enable the adjustment processes to function consistently with the desired stability and advance of the world system.

President Johnson, in his address at the closing joint session of the Fund and Bank on October 1, 1965, stressed that although American dollar deficits had been an important factor in sustaining world prosperity, it was no longer appropriate or possible for a single country, through its deficits, to be largely responsible for the creation of world reserves. The United States, in its own interests and those of the free world, was resolved to maintain its payments in equilibrium. The President noted with approval the undertakings of the Fund and the finance ministers and central bank governors of the Group of Ten to begin steps to provide machinery for the creation of additional reserves. The President mentioned the need for expanding opportunities for education in order to help accelerate the pace of economic development. In this connection, he referred to the announcement of the establishment of a U.S. task force to chart a worldwide educational endeavor, and suggested that the campaign against illiteracy could be advanced by expanded programs of the Bank's Economic Development Institute and the IMF Institute. Increasing educational opportunity, however, was only one of the ways to meet the problems of economic development which were compounded by overpopulation and poverty.

Inter-American Development Bank.—Secretary Fowler, U.S. Governor of the Bank, led the U.S. delegation to the seventh annual meeting of the Bank held in Mexico City in April 1966.³ Assistant Secretary of the Treasury for International Affairs Merlyn Trued acted as temporary Alternate Governor. The delegation also included Members of Congress and representatives of the agencies constituting the

¹ See section on "International Monetary Arrangements", above.

² See exhibit 40.

³ See exhibit 45.

National Advisory Council on International Monetary and Financial Policies.

The Governors approved the establishment of a Preinvestment Fund for Latin American Economic Integration and requested a study by the Board of Executive Directors on the possibility of further enlarging the resources of the Bank.

Organization for Economic Cooperation and Development.—The fifth Ministerial Council meeting of the Organization for Economic Cooperation and Development (OECD) was held in Paris on November 25–26, 1965. Deputy Assistant Secretary of the Treasury Winthrop Knowlton served as a member of the U.S. delegation. The Council of Ministers reviewed progress during the period 1960–65 toward the target established in 1961 for expanding by 50 percent the combined output of the Organization's 21 member nations over the decade ending in 1970. They found that, in the aggregate, growth of gross national product had been at a higher rate than that needed to meet the target. The Council also drew attention to the need to develop the capital markets of member countries in order to mobilize savings for investment at home and abroad. The Committee for Invisible Transactions, which was earlier charged by the ministers with an intensive study of ways and means by which capital markets might be improved, worked throughout the year in this area. A Treasury official served on this Committee.

The Organization's Economic Policy Committee continued to meet three times a year to discuss the overall economic situation of member countries. Under Secretary of the Treasury for Monetary Affairs Frederick Deming was a member of the U.S. delegation. The Economic Policy Committee's Working Party 2 (on Policies for the Promotion of Economic Growth) completed a comprehensive mid-decade report on economic growth in the 1960's designed to assist members in continuing to keep on the growth target mentioned above. The Treasury also participated in the delegation to this Working Party's meetings.

Working Party 3 (the Economic Policy Committee's Working Party on Policies for the Promotion of Better Payments Equilibrium) met at regular intervals during the year. The Under Secretary of the Treasury for Monetary Affairs chaired the U.S. delegation. The Working Party completed a major report it had undertaken at the request of the Group of Ten, entitled the "Balance of Payments Adjustment Process," in which it examined how member countries could, compatibly with essential internal objectives, preserve a better balance-of-payments equilibrium and achieve a faster and more effective adjustment of imbalances. The report, which was published

by the OECD, is complementary to the studies made in the Group of Ten concerning international liquidity.¹

The Group on Export Credits and Credit Guarantees, with Treasury Assistant Secretary Merlyn Trued leading the U.S. delegation, extended its discussions of mutual problems in the area of export credit and guarantees.

A special working party, created by the Council in April 1965, studied the question of border tax adjustments applied by countries to exports and imports and the effects which present practices might have on international trade. A Treasury official represented the United States on this working party.

The Fiscal Committee of the OECD completed a draft convention for the avoidance of double taxation on estates and inheritances. The Committee also issued a report on "Fiscal Incentives for Private Investment in Developing Countries" which was prepared by a working party under the chairmanship of a Treasury representative who also served as Vice Chairman of the Committee. On the initiative of the U.S. delegation, the Fiscal Committee, for the first time, devoted a session to a review of the internal tax policies of one of the member countries (France).

The objectives of the Development Assistance Committee (DAC) of the OECD, which are to explore ways of augmenting and improving the flow of financial resources to the less-developed countries, of increasing the effectiveness of aid, and of coordinating national assistance programs, met at the Ministerial level in July 1965. Assistant Secretary of the Treasury Trued served as a senior member of the U.S. delegation. Australia, a non-OECD country, became a member of the DAC in February 1966, bringing its membership to 16.

The Economic Development and Review Committee of the OECD annually reviews the economies of the member countries and issues a public report; the Treasury participated in the Committee's formal examination of the U.S. economy in October 1965.

A Treasury observer regularly attended the meetings of the Managing Board of the European Monetary Agreement.

The General Agreement on Tariffs and Trade.—The sixth round of trade negotiations, generally known as the Kennedy Round, was underway at the fiscal yearend in the framework of the GATT. The positions taken by the U.S. Government representatives at the GATT are primarily formulated and developed in Washington with Treasury Department participation. In general, the Treasury Department continued to participate in the development of trade policy in the context of the activity of the Trade Expansion Advisory

¹ See section on "International monetary arrangements" above.

Committee, the Trade Executive Committee, the Trade Staff Committee and the Trade Information Committee.

A Treasury representative was a member of the U.S. delegation to the annual meeting of the GATT Contracting Parties, to the GATT Committee on Balance-of-Payments Restrictions, and to other GATT committees and working parties. Treasury representatives, including Assistant Secretary Davis and Deputy Assistant Secretary Hendrick, also participated in the discussions of the Kennedy Round nontariff barrier subgroup on antidumping policies.

United Nations Conference on Trade and Development (UNCTAD).—The first meeting of the Committee on Invisibles and Financing related to Trade of the Trade and Development Board of UNCTAD was held in Geneva from December 6–22, 1965. The agenda of the session covered a broad range of subjects including: The adequacy of the rates of growth achieved by the developing countries; the IBRD staff report on the Horowitz proposal (suggesting an interest subsidy fund to permit funds raised on private markets at conventional interest rates to be lent on concessional terms by IDA); the IBRD staff study on supplementary financial measures to compensate for unforeseen long-term shortfalls in export proceeds of developing countries; and the report of the Group of Experts on international monetary issues.

The Committee decided that the Horowitz proposal would be kept on the Committee's agenda and requested the Secretary General of UNCTAD to appoint, after consultation with governments, a special group consisting of members with experience in the fields of finance and banking to consider the economic and financial problems involved in the Horowitz proposal and similar schemes and possible variations thereof, including the effects these might have on other methods of transferring resources to the developing countries on concessional terms.

With respect to the study on supplementary financial measures, the Committee decided that, because governments had not had sufficient time to study the report carefully and formulate their views, consideration of the report would be postponed and taken up at a resumed session in 1966. With regard to the report of the Group of Experts on international monetary issues, the Committee decided to convene a special session in New York to meet concurrently with the third session of the Trade and Development Board to continue the discussion of international monetary issues.

A special session of the Committee which met in New York from January 29 to February 4, 1966, considered the report of the Group of Experts on international monetary issues and agreed that the report together with the records and documents arising out

of the meeting should be forwarded to the appropriate international institutions concerned with the problem of international monetary reform for their due consideration. The Committee also decided to keep the subject of international monetary issues on its agenda.

The resumed first session of the Committee, meeting in Geneva from April 13-20, 1966, considered the report on supplementary financial measures and decided, subject to the approval of the Trade and Development Board, to establish a small group of representatives of governments with the appropriate expertise, consisting of 13 to 15 members, to study and report on this matter to the second session of the Committee, within specified terms of reference.

A representative of the Treasury served as a member of the U.S. delegation to each of the sessions of the Committee on Invisibles and Financing Related to Trade.

ADMINISTRATIVE REPORTS

Administrative Management

Management improvement program

The Department's initial experience with consolidating the guidelines of the President's cost reduction program with Treasury's 20-year-old management improvement program occurred during fiscal 1966. In August 1965 the Department established a savings goal for the year of \$34.1 million. This goal was surpassed by more than \$10 million. Final analysis showed that as of June 30, 1966, \$44.5 million was realized in savings or in avoided costs, a new record for Treasury which exceeded the previous high set in fiscal 1965 by \$5.5 million. These savings were applicable primarily to actions taken to reduce operating costs. They do not include special savings realized as a byproduct of the Coinage Act of 1965. A change in the alloys of several denominations of coins dramatically reduced the procurement cost of materials used in the manufacture of these coins. In fiscal year 1966 the cost to the mint of materials for coins of the new alloys, including the cost of bonding and rolling the clad materials, was \$54,543,000. The same number of coins produced with the old alloys would have had material costs of \$577,151,000. Thus, the material costs saving was \$522,608,000.

The more significant management improvements of Treasury bureaus are highlighted in the administrative reports of the individual offices and bureaus which follow.

Reorganization plan action

Treasury Order No. 147, Revision No. 2, August 10, 1965,¹ created a new office of Special Assistant to the Secretary (for Enforcement) to consolidate responsibility for supervision and coordination of law enforcement activities. In addition, the Special Assistant formulates and coordinates the Department's important role in both national and international enforcement.

Special studies and projects

A number of studies to further increase effectiveness, efficiency, and economy in the operations of the Treasury Department were conducted during fiscal 1966. A study was begun of the 27 laboratories in Treasury's 4 laboratory systems to determine the optimum number and location. A review of the mission, functions, and operations of the Coast Guard Yard was initiated by contract with a consulting firm to develop information for decisions about the yard. In response to a Presidential request, a special project was started to eliminate all unnecessary paperwork in the Bureau of Customs which inhibits or impedes U.S. export or import programs. A Department-wide program was launched to improve communications and services to the individual citizen. At the request of the Special Assistant to the Secretary (Enforcement), a study was conducted of the major law enforcement activities of the Secret Service including the organization and field office structure.

¹ See exhibit 77.

A General Agreement between the Department and the Agency for International Development, spelling out the methods and procedures through which AID can utilize the technical services of the Department to contribute to the social and economic growth of developing countries, was signed by the Administrator of AID and Secretary Fowler on February 18, 1966. A Staff Assistant for AID Relations coordinates the various Treasury activities undertaken on behalf of AID within the Department.

Emergency preparedness

In fiscal year 1966 an exploratory probe was made of the problems surrounding the development of an emergency tax system and study began of existing and potential institutional control mechanisms, determination of program roles and financial requirements of present credit program agencies and review of the adequacy of Treasury emergency lending and guaranteeing authority. A comprehensive Treasury plan for emergency preparedness was issued in October 1965, containing the general plans for coping with an emergency situation. An emergency operating center was brought to a ready condition with the training and testing of 24 employees whose emergency assignment would be as communicators.

Planning and program evaluation

The primary purpose of the Office of Planning and Program Evaluation, established on December 16, 1965, pursuant to Treasury Order No. 206¹ is to aid in improving the allocation of the Department's resources by developing the relative costs and benefits of alternative courses of action. This Office provides staff leadership, coordination, and direction of the Department's planning-programing-budgeting system.

As its first major task, the Office coordinated the development of the first of an annual cycle of program and financial plans (PFP). The PFP related outputs to costs for the various programs for a 5-year period to provide a long-range perspective on the trends in departmental activities as a basis for improving the allocation of the Department's resources for the annual budget submission.

Financial management²

Budgeting.—The 1967 operating expense budget of the Coast Guard was presented on a mission basis as had been planned last year. The 1968 spring budget preview was assembled in terms of the newly developed departmental program categories, sub-categories, segments and elements of the planning-programing-budgeting system (PPBS). Cost data in program category terms was reconciled ("crosswalked") to funds requirements stated in conventional appropriation terms since subsequent inclusions of budget requests in the 1968 President's budget would be in appropriation terms. Controls over personnel and use of funds were exercised through the imposition of limitations and targets established by the Bureau of the Budget on numbers of employees on roll at the end of the fiscal year, numbers in grades GS-14 and above, total amounts of personnel

¹ See exhibit 77.

² See detailed statement in the *Annual Report to the Secretary of the Treasury on Improvements in Financial Management*.

compensation; allowable obligations for travel and construction; and total expenditures (disbursements). Position management systems were installed in all bureaus and cost reduction goals were established. More detailed financial planning was required to support requests for apportionment of funds.

A task force reviewed the charges made by the Department for various services to the public to identify increased costs for services rendered, in order to assure that such services are self-supporting.

Automated payroll operations.—During the fiscal year payrolls of the Bureau of Customs and certain Coast Guard field installations were converted to the IRS computer system.

Accounting systems.—Accounting systems in the Bureau of Customs were being revised at the fiscal yearend. Certain Customs activities have been converted to ADP equipment. Accounting systems manuals for the Bureau of the Public Debt, the Bureau of Narcotics, the Office of the Treasurer of the United States, and the Office of the Secretary have been submitted to the General Accounting Office for approval. The Bureau of Accounts accounting systems manual was approved by the General Accounting Office.

Treasury bureaus were encouraged to utilize the provisions of Public Law 88-521, approved August 30, 1964, which authorized the application of statistical sampling techniques in the audit of vouchers under \$100.

Internal auditing.—During fiscal year 1966, the departmental audit staff completed the review and appraisal of the system of internal auditing in one bureau and performed an audit of payroll and related activities in the Office of the Secretary.

Personnel management

In the fiscal year 1966 continued emphasis was placed on improving all areas of personnel management, with particular attention to special programs of interest to the President.

Treasury regulations were revised and issued to implement Executive Order 11222 and the Civil Service Commission's Standards of Conduct. Detailed plans were developed for a more positive and comprehensive equal employment opportunity program throughout the Department. Relations with employee organizations were strengthened and numerous actions were taken to resolve problems involving unit determinations and the Code of Fair Labor Practices. Initial work began on a long-term project to automate personnel operations and information retrieval insofar as practicable.

The Department exceeded by more than 50 percent the goal set by the President for the employment of disadvantaged youth under the "Youth Opportunity Campaign." A special advisory committee appointed by the Secretary completed a study on utilization of women employees. The Department was given the "Employer of the Year Award" by the District of Columbia Chapter of the National Association for the Employment of the Handicapped. Considerable assistance was given the Treasury Law Enforcement School in recruiting and selecting a full-time faculty. Special appointment authorities were negotiated with the Civil Service Commission to facilitate effective staffing in the Bureau of the Mint, the Customs Bureau, and the U.S. Secret Service.

In conjunction with the inspection activities of the Civil Service Commission, comprehensive evaluations of personnel programs were completed in the Bureau of Accounts, the U.S. Coast Guard, the Internal Revenue Service, and the Bureau of the Mint. In addition, a personnel management review of the Bureau of Narcotics was completed. Throughout the fiscal year the Bureau of Customs was provided considerable assistance with personnel matters associated with its reorganization.

More effective control of supergrade positions was instituted and all Treasury supergrade requirements were carefully determined and listed in priority order for Civil Service Commission consideration. Treasury Personnel Manual regulations were either revised or developed for within-grade salary increases, severance pay, and premium pay in accord with new or amended legislation. Several bureaus were visited by a team representing personnel, management analysis, and budget to review and discuss position management and control systems. Internal guides were developed for the classification of positions at the Bureau and Office of the Secretary levels and in the area of job redesign.

Significant steps were taken toward a coordinated wage board system. The Secretary was requested by the President to join with other agency heads in the development of common job standards and wage policies. Pursuant to the President's request for monthly reports to the Civil Service Commission, new procedures were established for the reporting of wage schedule adjustments by bureaus.

The Secretary honored over 100 Treasury employees at the Second Annual Awards Ceremony in the departmental auditorium on September 14, 1965. Thirty-seven of these employees had received top Treasury honor awards during the year and 36 had received cash awards for outstanding contributions to the Department.

The Secretary's goal of 25 suggestions for every 100 employees on Treasury rolls was met. Alltime highs were established for suggestions received, suggestions adopted, and tangible benefits. Total benefits realized from all services recognized under the Treasury incentive awards program, including employee suggestions, reached a record of \$7 million, more than twice the previous alltime high.

In fiscal year 1966 there was a significant increase in employee training within the Department. Continued emphasis was placed on training to meet Treasury operational requirements effectively and efficiently. To assist Treasury bureaus in the orientation of employees and interested outside groups, a 28-minute color film was produced by the Office of the Secretary depicting major missions of the Department. As an aid to evaluation of training efforts, a comprehensive statistical report on classroom training for fiscal year 1965 was compiled and distributed to the bureaus.

Administrative services

Personal property.—During the fiscal year, Treasury declared as excess to its needs property having an original acquisition cost of \$11,593,000, while excess property valued at \$1,842,000 was reassigned within the Department. Personal property transferred to other Federal agencies totaled about \$3,737,000. In turn, Treasury received about \$4,039,000 of excess personal property from other Federal agencies without reimbursement. Personal property valued

at \$5,325,000 was determined surplus. Property worth \$1,966,000 was released for donation through GSA and DHEW clearances. Proceeds from sales and surplus, including scrap, amounting to \$258,000 was deposited to the general fund of the Treasury.

Real property.—During the fiscal year 1966, Treasury activities in 23 locations in 8 cities were consolidated in single locations in each city.

Treasury relocated from leased to Government-owned buildings in 39 locations. This saved Treasury approximately \$6,500 in reimbursable rents to GSA. In addition, the Treasury closed 47 offices accommodated in leased and Government-owned space which resulted in rental savings of approximately \$156,000 to Treasury.

Treasury reviewed and transmitted to appropriate GSA regional offices, title and descriptive data on 17 excess Coast Guard properties, involving 89 acres of land with improvements, and a total acquisition cost of \$111,000.

Treasury is continuing its efforts to stimulate, through GSA, the need for planning and implementing the construction of pistol range facilities in Federal buildings for Treasury law enforcement activities.

Safety.—Treasury's disabling injury frequency rate for calendar year 1965 remained considerably less than the all-Federal rate, indicating the continuing effectiveness of the safety program. To aid in improving Treasury's position, two special safety committees were established to review case histories in reported falls and motor vehicle accidents to determine causes and suggested remedies. The findings of the committees are expected to contribute substantially to the achievement of the Department's goal under the President's Mission Safety-70.

Security activities

A second round of physical security inspections in the Office of the Secretary and bureau headquarters offices was conducted and three inspection trips to Treasury field offices were made.

A revised security program for the Treasury Department was contained in Treasury Order No. 82, Revised, March 9, 1966.¹ Under the new security program positions are designated non-sensitive, noncritical-sensitive, and critical-sensitive. Critical-sensitive positions require the updating of the investigation every 5 years and investigations were made in 200 such cases during the year.

Office of the Comptroller of the Currency

The Comptroller of the Currency, as the Administrator of the National Banking System, is charged with the responsibility of maintaining the public's confidence in the System by sustaining the banks' solvency and liquidity. An equally important public objective is to fashion the controls over banking so that banks may have the discretionary power to adapt their operations sensitively and efficiently to the needs of a growing economy.

Management improvement

Several savings were realized during the fiscal year 1966 through management improvement efforts. Partial completion of the adapta-

¹ See exhibit 77.

tion of internal fiscal procedures to automatic data processing has aggregated thus far an annual saving in manpower costs of \$72,900. The gradual decentralization of duties to the regional offices saved 15 man-years and \$42,300 in the current year, with an annual saving of \$101,400 projected for ensuing years. An Office-wide cost reduction and management improvement program continues in force.

The regional counsel program, placing trained attorneys in almost all of the 14 national bank regions, inaugurated in fiscal 1965, was fully operative by the end of fiscal 1966. More deputy regional administrators were assigned to the field offices to facilitate the overall decentralization policy. During the year an official of this Office was appointed to maintain a continuous liaison with the Federal Deposit Insurance Corporation.

Personnel administration

In addition to several new steps taken in 1966 in the area of personnel administration, a colorful recruiting pamphlet, *World of Banking: The Challenges of a Career as a National Bank Examiner*, was published. This booklet was favorably received by the banking industry and by campus counselors. Requests for copies and for further information both greatly exceeded all expectations. Employee communications were improved through the inauguration of an intraoffice newsletter, the *National Bank Examiner*.

Information services program

The information services program, which was initiated by the Office of the Comptroller with the publication of the *Comptroller's Manual for National Banks*, the *Comptroller's Manual for Representatives in Trusts*, and the *National Banking Review*, continued to progress. Two additional manuals are available: *Comptroller's Policy Guidelines for National Bank Directors and Instructions, Procedures, Forms for National Bank Examiners*. The booklet *Duties and Liabilities of Directors of National Banks* was thoroughly updated during fiscal 1966 and has maintained its position as one of the most popular issuances of the Office. The *Annual Report of the Comptroller of the Currency* continued in the format begun with its 1963 report which marked the centennial of national banking. The annual report now contains a general statement of policy, descriptions of the state of the National Banking System and of the operations of the Office of the Comptroller and official documents relating to such crucial public issues as merging and branching. The general policy statements from the 1964 and 1965 annual reports are available in reprint form. *These Are Years of Reform: A Prelude to Progress* and the *Banking Structure in Evolution: A Response to Public Demand*. In December 1965, outstanding articles from the *National Banking Review* were gathered and published in *Studies in Banking Competition and the Banking Structure*. Collected in this volume is the best recent thought on the special characteristics of competition and structure in the banking industry.

Status of national banks

During 1965, national banks continued to meet the challenges and demands of our modern agriculture, commerce, and industry. Commercial banks under the supervision of the Comptroller of the Currency

increased from 4,780 to 4,822, including 7 nonnational banks in the District of Columbia, at the end of fiscal 1966. During the year, 103 banks were issued national bank charters: 25 were conversions from State banks; 78 were primary organizations. There were 841 branches opened for business during the fiscal year compared to 782 in the previous year.

The assets of national banks posted a 15.3-percent gain over fiscal 1965. The earnings assets (loans, securities, Federal funds, and direct lease financing) outpaced the growth of total assets with a 16.6-percent increase. As in the previous period, loans and discounts

Number of national banks and banking offices, by States, June 30, 1966

State	National banks			Number of branches	Number of offices
	Total	Unit	With branches		
United States.....	4,811	3,439	1,372	9,074	13,885
Alabama.....	86	56	30	128	214
Alaska.....	5	0	5	40	45
Arizona.....	4	1	3	178	182
Arkansas.....	65	37	28	61	126
California.....	93	48	45	1,766	1,859
Colorado.....	117	117	0	0	117
Connecticut.....	30	12	18	172	202
Delaware.....	5	3	2	4	9
District of Columbia.....	8	0	8	48	56
Florida.....	198	198	0	0	198
Georgia.....	58	33	25	123	181
Hawaii.....	2	0	2	41	43
Idaho.....	9	3	6	99	108
Illinois.....	416	416	0	0	416
Indiana.....	122	58	64	259	381
Iowa.....	102	68	34	37	139
Kansas.....	170	146	24	24	194
Kentucky.....	81	40	41	120	201
Louisiana.....	47	15	32	138	185
Maine.....	21	6	15	71	92
Maryland.....	49	20	29	191	240
Massachusetts.....	90	26	64	341	431
Michigan.....	98	38	60	436	534
Minnesota.....	194	192	2	6	200
Mississippi.....	35	8	27	87	122
Missouri.....	98	80	18	18	116
Montana.....	49	49	0	0	49
Nebraska.....	126	109	17	17	143
Nevada.....	3	1	2	34	37
New Hampshire.....	51	33	18	23	74
New Jersey.....	148	47	101	438	586
New Mexico.....	34	15	19	53	87
New York.....	195	101	94	973	1,168
North Carolina.....	28	8	20	266	294
North Dakota.....	42	36	6	6	48
Ohio.....	226	95	131	540	766
Oklahoma.....	220	194	26	26	246
Oregon.....	13	8	5	214	227
Pennsylvania.....	366	215	151	811	1,177
Rhode Island.....	4	0	4	53	57
South Carolina.....	26	5	21	178	204
South Dakota.....	34	27	7	38	72
Tennessee.....	77	24	53	214	291
Texas.....	547	547	0	0	547
Utah.....	13	9	4	55	68
Vermont.....	27	15	12	31	58
Virginia.....	118	47	71	348	466
Washington.....	30	15	15	342	372
West Virginia.....	79	79	0	0	79
Wisconsin.....	111	99	12	24	135
Wyoming.....	40	40	0	0	40
Virgin Islands.....	1	0	1	2	3
District of Columbia (all) ²	15	1	14	85	100

¹ Includes 1 bank organized under sec. II of the Federal Deposit Insurance Act.

² Includes national and nonnational banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

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Assets, liabilities, and capital accounts of national banks on June 30, 1965, December 31, 1965, and June 30, 1966

[In millions of dollars]

Item	June 30, 1965 (4,803 banks)	Dec. 31, 1965 (4,815 banks)	June 30, 1966 (4,811 banks)
ASSETS			
Cash, balances with other banks, and cash items in process of collection.....	31,595	36,880	36,769
U.S. Government securities, direct and guaranteed.....	30,323	31,896	28,891
Obligations of States and political subdivisions.....	20,460	22,541	23,975
Securities of Federal agencies and corporations not guaranteed by the United States.....	2,006	2,383	3,473
Other bonds, notes, and debentures.....	433	490	478
Total securities.....	53,222	57,310	56,817
Federal funds sold.....	1,059	1,433	1,287
Direct lease financing.....	188	271	293
Loans and discounts.....	102,059	116,833	123,192
Fixed assets.....	2,893	3,158	3,298
Customers' liability on acceptances outstanding.....	724	926	1,013
Other assets.....	1,859	2,292	2,772
Total assets.....	193,599	219,103	225,441
LIABILITIES			
Demand deposits of individuals, partnerships, and corporations.....	69,272	81,129	76,460
Time and savings deposits of individuals, partnerships, and corporations.....	69,988	75,676	81,161
Deposits of U.S. Government.....	6,912	3,488	6,939
Deposits of States and political subdivisions.....	13,941	15,833	16,413
Deposits of foreign governments and official institutions, central banks and international institutions.....	571	2,734	2,855
Deposits of commercial banks.....	8,496	12,077	10,690
Certified and officers' checks, etc.....	2,348	2,923	3,274
Total deposits.....	171,528	193,860	197,792
Demand deposits.....	94,826	107,881	105,990
Time and savings deposits.....	76,702	85,979	91,802
Federal funds purchased.....	959	1,497	1,557
Liabilities for borrowed money.....	603	172	180
Acceptances executed by or for account of reporting banks and outstanding.....	732	944	1,031
Other liabilities.....	3,924	5,196	6,860
Total liabilities.....	177,746	201,669	207,420
CAPITAL ACCOUNTS			
Capital notes and debentures.....	814	1,134	1,167
Preferred stock.....	29	29	29
Common stock.....	4,578	4,937	5,062
Surplus.....	7,311	7,967	8,119
Undivided profits.....	2,741	2,903	3,128
Reserves.....	380	464	516
Total capital accounts.....	15,853	17,434	18,021
Total liabilities and capital accounts.....	193,599	219,103	225,441

continued to grow at a faster rate than securities. Loan and discounts increased 22.2 percent while total securities advanced 5.4 percent.

Net income, after dividends, of national banks increased \$83.5 million or 13.5 percent over fiscal 1965. Part of this increase can be attributed to the lower Federal income tax rates which were in effect during fiscal 1966.

Résumé

The Office of the Comptroller of the Currency continues to change and grow with the national economy and the banking industry. Internal operations and administration are undergoing constant refinement and improvement in order to better serve the public whose demands must be met.

Bureau of Customs

The major responsibilities of the Bureau of Customs are the assessment and collection of import duties and taxes and the control of carriers, persons, and articles entering or departing the United States to insure compliance with laws or regulations of Customs and other Government agencies which regulate international trade and traffic. It engages in combating smuggling and frauds on the revenue and enforces the regulations of numerous other Federal agencies.

The main objectives of the Bureau are to expedite the flow of international commerce and international travelers and to encourage a better understanding of and voluntary compliance with the import-export laws and established controls.

Management improvement program

During fiscal year 1966 the Customs cost reduction-management improvement program resulted in savings of approximately \$816,000, of which \$489,000 resulted from increased productivity and efficiency; \$41,000 from the elimination of low priority activities or the substitution of less costly alternatives; \$151,000 from improved management and program effectiveness; and \$135,000 from special fourth quarter reductions. This \$816,000 total was the highest annual level of savings realized in a decade.

Reorganization of the field service

The Bureau of Customs completed the reorganization of its basic structure during the fiscal year to accommodate more efficiently the Nation's sharp rise in imports, exports, and international travel; and to prepare for the increases in these forecasts within the next decade.

Appropriate supervisory and a wide range of administrative activities were transferred from district to regional authority. A substantial degree of authority was delegated from Bureau headquarters to the new regions.

The reorganization of the Customs Field Service during fiscal 1966 was based on the President's Reorganization Plan No. 1 of 1965.¹ The President empowered the Secretary of the Treasury to proceed with the program and, accordingly, he issued Treasury Order No. 165-17² on August 10, 1965, on the reorganization of the Customs Field Service.

The reorganization of 47 collection and 42 appraisers districts, and 9 laboratories of the Field Service into the 9 regional headquarters offices and 42 district offices, as set forth in Treasury Order No. 165-17 and subsequent amendments thereto during fiscal 1966, began with

¹See 1965 annual report, p. 78.

²See exhibit 77.

the activation of the first new region on November 1, 1965, and proceeded as follows:

Region	Headquarters	Date established
I-----	Boston, Mass-----	May 1, 1966.
II-----	New York, N.Y-----	June 6, 1966.
III-----	Baltimore, Md-----	April 1, 1966.
IV-----	Miami, Fla-----	February 1, 1966.
V-----	New Orleans, La-----	February 1, 1966.
VI-----	Houston, Tex-----	May 15, 1966.
VII-----	Los Angeles, Calif-----	January 1, 1966.
VIII-----	San Francisco, Calif-----	November 1, 1965.
IX-----	Chicago, Ill-----	March 1, 1966.

Commodity specialization.—One of the most significant improvements made in the Service was that of commodity specialization, a new concept for the handling of customs entry documents. This concept has unified the line of command for the clearance, valuation, and assessment of duties on imported merchandise from the three separate functions of entry, appraisement, and liquidation into one operation performed by the commodity specialist teams. These teams were placed in operation at the region and district levels during fiscal 1966.

Brokers, importers, and carriers.—Customs personnel held conferences during the year with brokers, importers, and carrier representatives to familiarize them with the new procedures created by regionalization. Emphasis was placed on the need for submitting documents with accurate and complete information. As a result of improvements effectuated, the importers and brokers are experiencing faster and more efficient handling of their shipments.

Fiscal management.—As part of the Bureau's total reorganization, fiscal management was concentrated in the 9 regional offices, in place of the more than 50 fiscal offices. This made it possible to staff each region with qualified accountants, thus providing greater efficiency in operation, a higher degree of standardization, and overall savings.

A major accomplishment of fiscal 1966 was the preparation of the Bureau's first budget submission under the new planning-programing-budgeting system established for the Federal Government. At the beginning of the year, financial plans and quarterly allotments were issued to more than 100 principal field officers. Plans were then formulated and coordinated with fiscal management for the funding of new regions and district offices. By June 30, 1966, when the reorganization had been completed the number of financial plans had been reduced to 28.

Personnel.—As the nine regions became operative under the reorganization plan, personnel offices were established in each region with professional staffs competent to carry out a full personnel management program. Qualified classification and placement specialists are on the staff in each regional office. The only personnel authority retained by headquarters is the review of the most important actions and those having Bureau-wide implications. Headquarters activity will be concentrated on analyzing program effectiveness and developing program and policy guidelines.

Bureau operations

Collections.—Revenue collected by Customs during fiscal 1966 reached an alltime high of \$2.5 billion, a 20-percent rise over 1965. This included customs duty collections, excise taxes on imported merchandise collected for the Internal Revenue Service, and certain miscellaneous collections. Collections and payments by customs regions and districts are shown in table 24. The major classes of all collections made by the Customs Bureau are shown in table 25. The cost of collecting each \$100 was below \$4.

Carriers and persons entering.—More than 192 million persons arrived in the United States for customs inspection during fiscal 1966, of whom 7.2 million arrived by air. This represented an overall increase of 6 percent and an increase of approximately 20 percent in persons arriving by air. About 57.4 million carriers arrived, of which nearly 238,000 were aircraft, raising the total carriers by 6.7 percent and aircraft by 13.1 percent from the respective figures for fiscal 1965, as shown in tables 87 and 88.

Entries of merchandise.—Both the volume and value of imports continued to climb, with the value reaching \$23.3 billion, compared with \$19.7 billion in the previous fiscal year, or 18.3 percent, as shown in table 85.

A total of 35.5 percent of all imports entering the United States during the year were duty free and included commodities imported free for Government stockpile purposes or authorized for free entry by special acts of Congress. The remaining 64.5 percent constituted the basis of customs duties on imports.

Invoices.—The number of invoices filed totaled 3,240,044, an increase of 14 percent over fiscal 1965. Although the backlog of unappraised invoices reached over 440,000, a rise of 33,980 invoices over the year before, this amounted to 7.51 percent less than the increase in the workload.

Protests.—Since the reorganization, protests have been handled by the commodity specialist teams. Claims for clerical error and administrative protest review have been transferred to the regions to attain procedural uniformity and to provide intermediate administrative review.

Temporary crash programs at most ports processed a backlog of old protests, which were either forwarded to customs court or validated administratively. This is expected to phase out the old protest liquidating unit with the exception of the clerical record control.

Protests filed by importers against the rate and amount of duty assessed and appeals for reappraisal filed by importers who did not agree with the customs officers on the value of merchandise are shown in the following table.

Protests and appeals	1965	1966	Percentage increase
Protests:			
Filed with collectors by importers (formal).....	47, 445	55, 500	17. 0
Filed with collectors by importers (informal).....	61, 010	69, 070	13. 2
Appeals for reappraisal filed with collectors.....	24, 071	28, 908	20. 1

Prohibited and restricted importations.—Cases on restricted imports included the recording of 177 trademarks, trade names, copyrights,

and assignments for which fees were collected amounting to \$15,980. Lottery tickets were seized from over 150,000 pieces of incoming foreign mail, while 70,000 pieces of mail contained obscene material that was disposed of by the postal authorities.

Dumping and countervailing duty cases.—Sixteen dumping cases were received and 16 closed. A total of 21 remained on hand at the end of the fiscal year. No findings of dumping were issued.

Tariff classification.—A total of 9,530 written replies on tariff classification of merchandise were issued during fiscal 1966. This included a 30-percent reduction in the cases on hand for the 12-month period. In addition, 2,789 summaries of Bureau rulings were published in the Treasury Decisions for the information of customs officers and the public.

Regulations were prepared and issued covering procedures for qualifying for free entry of vehicles and original equipment for vehicles imported from Canada under the Automotive Products Trade Act (Treasury Decision 56529). Revised instructions to expedite entry and clearance of serially numbered substantial containers and holders used in international traffic were published in Treasury Decision 56542.

A special statistical reporting program was inaugurated to provide data essential to measuring the initial impact of the APTA on world trade patterns as well as its effect on the domestic industry.

Wool imports.—Supervision of wool imports was continued with 14,032 reports of wool importations reviewed to assure uniformity in the identification, grade, and condition of the wool.

Quotas.—Customs import quotas were enforced on a first-come first-served basis with the cooperation of field officers to promptly and correctly report each entry, or withdrawal from warehouse, for consumption of import-quota merchandise. During fiscal 1966, 147 absolute and tariff-rate quotas were imposed on 30 imported commodities under specific Presidential proclamations and legislation.

Presidential Proclamation No. 3683 of October 22, 1965, terminated 23 quarterly quotas, covering lead and zinc-bearing ores and materials; and unwrought lead and zinc and lead and zinc waste and scrap.

Another proclamation of the President, No. 3697, dated January 7, 1966, increased the tariff rate quota on knives, forks, and spoons with stainless steel handles to 84 million pieces and reduced the over quota rate of duties on this flatware.

Quotas were also enforced on 5 commodities under the Philippine Trade Agreement Revision Act of 1955; and a total of 165 import quotas were administered on cotton textiles and cotton textile products manufactured or produced in various countries. One prohibition on these cotton commodities also was enforced.

Public Law 89-241, effective January 1, 1966, amended the Tariff Schedules of the United States to provide for tariff-rate quotas on whisk brooms and other brooms made wholly or in part of broom corn. Public Law 89-388 increased the 1965 duty-free quota on Philippine coconut oil by 28,308,955 pounds.

Import statistics.—The verification of import data by customs officers which began in January 1962 remains one of the important functions of commodity specialists throughout the country. The "Customs Statistical Manual," the instructional material issued for this statistical program, was issued during fiscal 1966.

Drawback.—The total drawback allowance paid during fiscal 1966 amounted to \$17,718,940, reflected in table 86. Drawback allowance on the exportation of merchandise manufactured from imported materials usually amounts to 99 percent of the customs duties paid at the time goods are entered.

A significant accomplishment relating to drawback was the resolving of the allowance of drawback on petroleum products with regulations issued September 22, 1965 (Treasury Decision 56487). Several million dollars may now be refunded in the form of drawback of duty on cases of several years standing. Many complex facets were involved in the number of different petroleum byproducts as well as the differences in value.

Export control.—The following table compares export control during the last 2 fiscal years.

Activity	1965	1966	Percentage increase, or decrease (—)
Export declarations authenticated.....	5,308,272	5,555,312	4.7
Shipments examined.....	465,226	417,254	-10.3
Number of seizures.....	360	339	-5.8
Value of seizures.....	\$336,105	\$747,544	122.4
Export control employees.....	245	223	-9.0

Trade practices.—The growing practice of containerization for cargo shipment has posed several problems relating to customs handling and manpower; adequacy of dock facilities for unloading and devanning; increase in the number of transfers in bond; faster service to the importer; and protection of the revenue.

Seventeen container stations and one container terminal in New York and New Jersey were in operation by June 30, 1966, for the breakdown of individual cartons from larger containers of cargo for inspection. Customs officers in the regions, at the end of fiscal 1966, were coordinating with land and sea transporters of cargo on the changes of shore facilities for storing and processing outbound and inbound containerized cargo; and to study the needs of the shippers, carriers, forwarders, and brokers for simplified cargo documentation.

The Bureau's aim is to anticipate the immediate and long-range passenger increases, and to coordinate its plans with those of the carriers. Customs is studying the implications of the new planes capable of carrying 400 or more passengers nonstop for approximately 6,000 miles, planned for use by 1968, which would substantially increase passenger arrivals.

Marine activities.—The number of vessels documented in the American merchant marine for commercial use reached 48,068 during fiscal 1966, while those documented as yachts rose to 14,081. The accompanying table compares the volume of marine activity during the last 2 fiscal years.

Activity	1965	1966	Percentage increase, or decrease (—)
Total vessels documented at end of year.....	58,948	62,149	5.4
Documents issued (registers, enrollments, and licenses).....	19,205	19,657	2.4
Licenses renewed and changes of master endorsed.....	53,841	57,116	6.1
Mortgages, satisfactions, notices of lien, bills of sale, abstracts of title, and other instruments of title recorded.....	17,542	18,508	5.5
Abstracts of title and certificates of ownership issued.....	7,744	8,674	12.0
Certificates and permits.....	1,632	1,533	-6.1
Name changes.....	1,536	1,665	8.4

Internal auditing.—As each region was established, an audit office, independent of regional management, was created. In the process, seven offices of comptroller of customs were replaced by five headquarters and four branch offices of directors of field audit to assume responsibility as internal auditors of the Bureau.

Audits are performed every 3 years, except for revenue accountability and appropriations and disbursements which are audited every fiscal year. During fiscal 1966, 113 audit reports were completed covering 297 offices. Quarterly reports covered the entry liquidation work of over 40 district offices. There were 128 audits of imprest funds. Additional audits of a regulatory nature were made of accounts of customhouse brokers and of some of the offices of users of wool imported duty-free, contingent upon its use in the manufacture of certain specified articles.

Automatic data processing.—The entire physical base for the Bureau of Customs ADP system was acquired and established during fiscal 1966. The systems design for initial computer application for revenue collection and administrative accounting was nearing completion by the fiscal yearend, although considerable computer programing and preparation of an operating manual remained to be done before the system could become fully operative.

One phase of the accounting system, the control of collections of duties assessed on foreign mail importations, was placed in operation on July 1, 1966. Approximately 2 million collection items are expected to be processed by the computer during fiscal 1967.

Laboratory analyses.—The laboratories of the Division of Technical Services analyzed an alltime high of 146,162 samples during fiscal 1966. Although several hundred kinds of commodities were presented for advice, 6 classes exceeded more than 10,000 samplings each: Alcoholic beverages, narcotics and seizures, ores and minerals, raw sugar, textiles, and wool. This year's total exceeded the previous record set in 1963 by 5.4 percent. The samples were analyzed primarily to develop facts for tariff classification, although some were tested for other Government agencies.

There were 16,138 field special samplings of tobacco and 1,590 samplings of cigars to determine the origin of the tobacco. The chief chemists at Baltimore and New York developed the method of identification by gas chromatography with the assistance of commodity specialists at New York and Tampa.

Improvements in laboratory methods and procedures for the determination and identification of components in commodities ranging from textiles to the drug, LSD, were developed during fiscal 1966.

Border construction.—In collaboration with the Immigration and Naturalization Service, 5 border stations and 13 official residences were completed in North Dakota, Maine, and Texas. At the fiscal yearend, three border stations and eight residences were under construction along the Canadian border, while contracts had been awarded for eight border residences, plus two for major alterations and repairs of existing buildings. Customs also assisted the General Services Administration in the construction of the new customhouse in Long Beach, Calif., and the border station at Grand Portage, Minn. Plans for eight other customs facilities prepared by GSA on space or projects for major improvements or future construction were reviewed by Customs.

Penalties.—Decisions involving 707 penalty violations were completed in fiscal 1966. A total of \$98,864 was paid to 73 informers. The largest individual informer award was \$29,125 while the smallest was \$12. The total recovery to the Government amounted to approximately \$400,000 from penalty cases supplied by informers.

The assessed penalties for violations of customs and related laws increased to approximately \$1.5 million, about \$346,000 more than for the previous year.

Penalty cases, fiscal year 1966

Type of case	Number	Full statutory liability of violators
Penalty and forfeiture.....	569	\$30,947,332
Liquidated damages.....	138	3,330,333
Total.....	707	34,277,665

Net liability imposed by penalty decisions, 1965 and 1966

	1965	1966
Penalty and forfeiture cases.....	\$1,132,063	\$1,482,140
Liquidated damages.....	94,337	90,618
Total.....	1,226,400	1,572,758

Foreign Customs assistance.—This office was established as the result of the May 11, 1965, Participating Agency Service Agreement (PASA) between the State Department (AID) and Customs for the recruitment, selection, and training of Customs reservists to provide technically qualified personnel for missions to foreign countries.¹ On June 30, 1966, negotiations were in progress for Customs assistance in 20 countries and 20 Bureau specialists were stationed in 6 countries on tours ranging from 6 months to 2 years. Eighteen surveys were conducted in 14 countries during the year. In addition, the Management Analysis Division supervised the orientation of 86 foreign government officers observing U.S. customs procedures for possible application to their homelands.

Customs Information Exchange.—This activity in New York continued at approximately the same level as in fiscal 1965. Appraisers

¹ See 1965 annual report, p. 81.

reports of classification and value totaled 74,725, of which 7,161 differences in classification and 6,842 differences in value were processed.

Training.—Expanded training facilities were required throughout the Service, as the conversion to regionalization evolved. The courses developed in previous years were continued and additional classes were initiated at Bureau, regional, and district levels.

A management course was conducted in the Bureau for the 70 newly appointed regional operations officers.

Technical training in a central Bureau school was provided for approximately 200 customs inspectors during their first year of service and for about 90 other inspectors with longer service, who had not received formal classroom instruction.

In addition, special training sessions were held for customs personnel in several regions including New York and Puerto Rico. Spanish classes were offered in Miami to inspectors to improve communications with Spanish-speaking tourists.

The Bureau provided guidelines for regional training officers. In every region personnel was retrained and cross-trained to provide greater flexibility of operations. For example, commodity specialists were cross-trained throughout the Service with emphasis on courses in entry, liquidation, classification, appraisement, and statistical reporting. The members were given formal instruction, as well as on-the-job training. A "Commodity Specialists Handbook" established standards and goals. Inspectors were trained as examiners; the samplers were trained in release procedures; and a cross-training program for marine employees was underway at the fiscal yearend for entrance and clearance of vessels, documentation, and export control.

The interchange of personnel has developed a better understanding between employees of the unique problems encountered in all phases of the entry procedure.

Equal employment opportunity.—The Bureau intensified its efforts to provide equal opportunity for women, minority groups, and the handicapped. A significant number of minority group employees were hired in professional capacities, as well as in less responsible positions.

Incentive awards.—A total of 752 suggestions were received, of which 176 were adopted. The tangible savings from this program were estimated at over \$30,000, with awards of \$7,180 paid to participating employees. In addition, 43 Customs employees earned Superior Work Performance Awards amounting to \$8,890, while 118 others received Special Act or Service Awards amounting to \$10,425.

Public information and publications.—Constant use of the mass media of information, on both local and national levels, contributed to a better understanding of the Customs mission and encouraged voluntary compliance with new laws and reorganizational procedures affecting the traveling and commercial public. Special emphasis on service to the public and courtesy focused the view of customs employees on their dual responsibility of serving the public as well as the Government in a friendly but competent manner.

Five new and three revised customs pamphlets were issued and used in response to thousands of requests for travel or import information in connection with revised laws on tourist exemptions. Cus-

toms Bureau replies to numerous inquiries from the press, private citizens, and the traveling and importing public resulted in informative customs articles appearing in news media throughout the country.

1966 legislation.—Several new laws enacted by Congress during the year affecting the dutiable status of imports required interpretation. The most important, Public Law 89-62, which became effective October 1, 1965, reduced the customs exemption for returning U.S. residents from \$100 wholesale value to \$100 retail value, with the exception of persons arriving from the Virgin Islands, American Samoa, or Guam. The law, in general, also reduced the liquor allowance from 1 gallon to 1 quart for individuals 21 years of age or over, and limited the \$100 exemption to articles accompanying the resident at the time of his return. The new law made it possible for more travelers to make oral customs declarations, thereby expediting their clearance. It was also responsible for the increase of 118.9 percent in dutiable declarations filed during fiscal 1966.

Public Law 89-436, approved March 31, 1966, made permanent the exemption from duty of personal and household effects of returning U.S. servicemen and Government employees, members of their families or persons evacuated to the United States under Government orders.

Public Law 89-368, approved March 15, 1966, permits the free entry of bona fide gifts not exceeding \$50 in aggregate retail value, when shipped by members of the Armed Forces of the United States serving in a combat zone.

Regulations for the importation of the effects of members of foreign armed forces on duty in the United States were tightened, particularly on duty-free importations of alcoholic beverages.

Public Law 89-476, approved June 29, 1966, provided a simplified method of calculating the tonnage of pleasure vessels at the option of the owner. Public Law 89-219, approved September 29, 1965, will permit tonnage openings to be eliminated from the decks of vessels from their subdividing bulkheads, making the carriers safer without increasing their tonnage. Both of these laws had been sponsored by the Treasury Department.

Investigative activities

The Customs Agency Service is the primary enforcement arm of the Bureau. During fiscal 1966 an unproductive office at Panther Junction, Tex., was closed. New offices were opened at Dallas, Tex., and Denver, Colo. Offices at St. Albans, Vt., and San Diego, Calif., were moved to Rouses Point, N.Y., and San Ysidro, Calif., respectively.

Neutrality activities.—The abrupt lifting of the ban on Cuban emigration in October 1965 brought a flood of refugees to Florida. Most of them arrived along the keys in small boats, many used illegally. By interagency agreement, the management of the problem was assigned to the Customs Agency Service which, during a 60-day period, processed 1,949 crewmembers, 5,173 passengers, and 4,073 pieces of baggage, and took custody of 440 vessels in addition to 130 that had been abandoned, sunk, destroyed, or set adrift. At the conclusion of the operations in December, the Cuban Committee of Key West presented the Service a plaque in appreciation of the services rendered.

Investigations completed.—During the year the Customs Agency Service completed 24,605 investigations. The number and types of cases investigated under customs, navigation, and related laws enforced by Customs, during fiscal years 1965 and 1966, are shown in table 90.

Enforcement regions.—The regions along the Mexican border generated the great preponderance of criminal cases. In the enforcement region which includes Texas and New Mexico there were 799 arrests and 290 convictions, while there were 1,333 arrests and 685 convictions in the region covering California and Arizona.

Arrests.—The following table shows the number of arrests and dispositions during the last 2 fiscal years.

Activity	Fiscal years		Percentage increase, or decrease (—)
	1965	1966	
Persons under or awaiting indictment at beginning of year.....	768	1,109	44.4
Arrests.....	2,205	2,522	14.4
Turned over to other agencies.....	412	639	55.1
Prosecutions declined.....	354	348	-1.7
Not indicted.....	2	17	750.0
Convictions.....	944	1,094	15.9
Dismissals and acquittals.....	123	126	2.4
Nolle prossed.....	29	25	-13.8
Persons under or awaiting indictment at end of year.....	1,109	1,382	24.6

Seizures, general.—A total of 6,813 seizures, aside from narcotics and marihuana, were made during the year.

Seizures, narcotics and marihuana.—The largest seizure of smoking opium in at least a generation was made at the port of New York where 76½ pounds were found on a Dutch freighter, which had called at Persian Gulf and East African ports. At Miami a joint Customs-Narcotics Bureau investigation resulted in an 18-pound seizure of pure cocaine, the second largest in recent years.

Customs agents seized 1,050 pounds of marihuana from a vegetable truck which they had followed from San Luis, Ariz., to Los Angeles. Comparative seizures of narcotic drugs during the last 2 fiscal years are shown below.

Seizures	Fiscal years		Percentage increase, or decrease (—)
	1965	1966	
Narcotic drugs (weight in grams):			
Heroin.....	10,938	7,959	-27.2
Number of seizures.....	235	182	-22.6
Raw opium.....	15,511	2,494	-83.9
Number of seizures.....	11	7	-36.4
Smoking opium.....	15,588	34,936	124.1
Number of seizures.....	16	5	-68.8
Others.....	16,706	20,299	21.5
Number of seizures.....	232	313	34.9
Marihuana:			
Bulk (grams).....	4,629,745	4,724,931	2.1
Number of seizures.....	685	699	2.0
Cigarettes (number).....	841	904	7.5
Number of seizures.....	179	191	6.7

* Revised.

Allied to narcotics are the so-called dangerous drugs which have been gaining in prominence, including the barbiturates and LSD. During fiscal 1966, customs agents originated and, in cooperation with Food and Drug investigators and local enforcement officers, carried out an investigation leading to the prosecution and conviction for conspiracy of a U.S. citizen who had smuggled into this country at least 5 tons of amphetamine, equivalent to more than 12,500,000 pills. Incidental to the investigation was the seizure of more than a ton of the drug which had been collected at the Mexican border in preparation for smuggling.

Seizures, merchandise.—Customs seizures of merchandise throughout the country for violations of laws enforced by the Customs Agency Service showed a 20.9 percent increase in the number of seizures and an increase of 37 percent in the appraised value, compared with fiscal 1965. Details of these seizures by number and value are shown in table 89.

Foreign trade zones

A new foreign trade zone, No. 9, began operation in Honolulu, Hawaii, during June 1966. Customs duties and internal revenue taxes collected in the eight zones in operation all year amounted to \$10,219,947.

Although the number of entries received decreased slightly in four of the areas, there were substantial increases in other zone business to offset this. Only one zone, Seattle, reported decreases in all activities.

The following table summarizes the zone operations during the fiscal year 1966.

Trade zone	Number of entries	Received in zone		Delivered from zone		Duties and internal revenue taxes collected
		Long tons	Value	Long tons	Value	
New York.....	4,894	28,045	\$38,686,159	22,925	\$35,785,686	\$6,430,647
New Orleans.....	3,601	25,379	14,653,712	24,222	30,859,970	563,868
San Francisco.....	9,202	1,560	3,494,402	3,380	4,615,267	668,545
San Francisco (subzone).....	1,116	204	1,323,242	184	1,107,621	334,985
Seattle.....	676	720	1,236,335	837	1,328,228	150,450
Mayaguez.....	260	93	261,307	42	139,336	17,741
Penuelas (subzone).....	18	342,478	5,715,045	225,080	11,216,743	234,037
Toledo.....	366	27,666	10,478,999	22,435	9,642,485	1,819,674
Honolulu.....		4	10,337			

Office of the Director of Practice

The Office of the Director of Practice is a part of the Office of the Secretary of the Treasury, and is under the immediate supervision of the General Counsel. The Director of Practice institutes and provides for the conduct of disciplinary proceedings against attorneys, certified public accountants and enrolled agents who are alleged to have engaged in disreputable conduct or who are alleged to have violated the rules and regulations regarding practice before the Internal Revenue Service. The Office also receives and acts upon applications for enrollment to practice filed by persons who have successfully

completed a qualifying examination and by certain former Internal Revenue Service employees. Prior to the enactment of Public Law 89-332, 79 Stat. 1281, approved November 8, 1965, the Office also had the function of receiving and acting upon applications by attorneys and certified public accountants who wished to be enrolled to practice before the Internal Revenue Service. However, the enactment of this law eliminated the enrollment requirement for licensed attorneys and certified public accountants.

The Office received and acted upon 2,892 original applications for enrollment filed by attorneys and certified public accountants during fiscal 1966. Persons who passed the Internal Revenue Service Special Enrollment Examination and former employees of the IRS who qualified for enrollment based on such prior employment filed 641 original applications for enrollment during the fiscal year. The Office also acted upon 2,640 applications for renewal of enrollment. The total enrollment, therefore, reflected on the rosters was 85,749 attorneys and certified public accountants as of November 8, 1965, and 4,465 enrolled agents as of June 30, 1966.

The enactment of Public Law 89-332 necessitated substantial revision of the rules and regulations governing practice before the IRS. Hearings on proposed amendments to the regulations were held on June 20, 1966, and it is expected that the proposed regulations will become effective in September 1966. The proposed regulations contemplate the transfer of the enrollment function from the Office of Director of Practice to the Commissioner of Internal Revenue. The Director of Practice will be concerned primarily with the institution and conduct of disciplinary proceedings with respect to persons who practice before the Service. The proposed revision also reduces the categories of disreputable conduct appearing in the current regulations. This reduction is in keeping with the view, reflected in Public Law 89-332, that local professional associations and licensing authorities should assume the major responsibility for policing and enforcing the ethical standards and conduct of attorneys and certified public accountants in their general day-to-day practice. Accordingly, the proposed regulations deal mainly with violations of standards of conduct which directly affect the right of the taxpayer to sound representation before the Internal Revenue Service, or which relate to the ability of the Internal Revenue Service to carry out its functions.

The Office of the Director of Practice processed and closed 628 derogatory information cases during the fiscal year. A number of these were cases which contained derogatory information not related directly to practice before the Internal Revenue Service and therefore were closed without additional action by the Office, subsequent to the enactment of Public Law 89-332 and the drafting of proposed regulations pursuant thereto. On June 30, 1966, there remained 164 cases under investigation and review which related to practice before the Internal Revenue Service.

During the fiscal year, there were 89 derogatory information cases in which applications for enrollment were withdrawn or abandoned while under evaluation, or in which disciplinary action was imposed by this Office. In addition, five proceedings for disbarment or suspension were instituted by this Office before a hearing examiner. In two cases, a hearing examiner imposed an initial order of disbarment and one case was resolved by an order of suspension. One

case had been heard and was awaiting decision at the end of the fiscal year, and one case was awaiting trial before a hearing examiner.

On September 23 and 24, 1965, 807 persons took the special enrollment examination given at Internal Revenue Service district offices, 505 of whom achieved passing grades. Department Order 175-3, dated April 28, 1966,¹ transferred the examination function from the Office of the Director of Practice to the Internal Revenue Service to complement the anticipated transfer of the enrollment function to the Service, as provided in the proposed regulations.

Ten decisions by district directors, denying to unenrolled persons the privilege of limited practice, were appealed to the Director of Practice pursuant to Revenue Procedure 64-47. Six cases were resolved and four cases were awaiting final decision in this Office at the end of the fiscal year.

Office of Domestic Gold and Silver Operations

The Office of Domestic Gold and Silver Operations, in the Office of the Under Secretary for Monetary Affairs, assists the Under Secretary in the formulation, execution, and coordination of policies and programs relating to gold and silver in both their monetary and commercial aspects. The Office administers the Treasury Department gold regulations relating to the purchase, sale, and control of industrial gold, gold coin, and gold certificates; issues licenses and other authorizations for the use, import, and export of gold, and for the importation and exportation of gold coin; receives and examines reports of operations; and investigates and supervises the activities of users of gold. Investigations into possible violations of the gold regulations are coordinated with the U.S. Secret Service, the Bureau of Customs, and other enforcement agencies.

Gold controls

In August 1965 an amendment to the gold regulations was issued which permits the holding of gold bars which before April 5, 1933, and at all times thereafter have had a recognized special value to collectors of numismatic items. These pieces, however, must be licensed and a determination must be made that each bar was and is of such value. Gold bars made after December 31, 1900, were not generally of numismatic interest before 1933; therefore, such bars are presumed not to be of recognized special value to collectors. No gold bars made after 1933 are eligible for licensing. The exportation of gold bars of recognized special value requires a separate export license.

Purchases of gold for industrial use from the Treasury.—The gross sales of gold for industrial use by the Treasury increased in the calendar year 1965 to 4,691,485 fine troy ounces, as compared with 3,665,245 fine troy ounces in calendar year 1964, 3,068,345 ounces in calendar 1963, and 2,746,046 ounces in calendar 1962.

Gold coin licensing.—The volume of requests for the importation of gold coins and the cases involving coins acquired abroad without license by uninformed tourists, has continued to be large.

End uses of gold.—End-use certificates with detailed information concerning the end use of gold were in effect throughout the calendar

¹ See exhibit 77.

year 1965. The estimated allocation by use for 1965 is shown in the table below. Space and defense as a separate item has been deleted from the table and has been combined with the general industrial, electrical, and electronics category, because it was found to be impossible to segregate this use from other industrial uses, since the manufacturers of electronic and electrical components have no way of knowing the end uses of their products other than as a rough estimate.

Estimated allocation of gold by use for the year 1965

	Fine troy ounces	Dollars, based on \$35 per ounce	Percent
Jewelry and arts.....	3,429,457	120,030,995	65
Dental.....	369,326	12,926,410	7
Industrial, electrical and electronics, including space and defense.....	1,213,500	42,472,500	23
Other industrial, including space and defense.....	263,805	9,233,175	5
Totals.....	5,276,088	184,663,080	100

Bureau of Engraving and Printing

The Bureau of Engraving and Printing designs, engraves, and prints U.S. currency, Federal Reserve notes, securities, postage and revenue stamps, and various commissions, certificates, and other forms of engraved work for U.S. Government agencies, as well as postage and revenue stamps for the governments of various territories administered by the United States.

Management attainments

The Bureau continued, during the fiscal year, to expand its program of converting the printing of currency to the dry intaglio process, 32 notes to the sheet. At the end of fiscal 1966, approximately 95 percent of the total currency production was printed by this process on high-speed, sheet-fed rotary presses. Currency deliveries in fiscal 1966 increased 11 percent over those of fiscal 1965 and the average cost of producing currency decreased from \$9.39 per thousand notes to \$8.42 in fiscal 1966. It is estimated that annual recurring savings of 520 man-years and \$3,200,000 were realized in 1966 from currency production on the four new four-plate, sheet-fed, rotary intaglio presses installed late in fiscal 1965.

For several years the Bureau has been converting the production of miscellaneous job orders to high-speed equipment. In July 1965, authority was received from the Government of Puerto Rico to convert the printing of Puerto Rican bottle strip stamps from the wet intaglio process on sheet-fed flatbed presses to dry printing on high-speed rotary web-fed presses. Based on a comparison of the average manufacturing unit costs using the newer method as opposed to the old one, annual savings in manufacturing costs of approximately 3 man-years and \$33,460 were realized in fiscal 1966. Additional annual savings of 1 man-year and \$10,330 are estimated for fiscal 1967.

Improving communications and services to the public is a continuing goal of the Bureau of Engraving and Printing. On September 23, 1965, the new self-guided tour system was officially opened.

The tour, on which production operations are described by audio-visual methods, is available every workday from 8 a.m. to 2:30 p.m. and thus provides an additional 2 hours a day for visitors. The new system has eliminated the necessity for detailing employees from the production divisions to assist in guide services during peak visitor seasons. In the 1966 fiscal year, 654,515 visitors toured the Bureau's operations. It is estimated that annual savings of 10 man-years and \$52,000 were realized in fiscal 1966 and that additional annual savings of 3 man-years and \$18,000 will accrue in fiscal 1967 from installation of this new tour facility.

Culminating a continuing review and study of long-range production programs and manpower requirements, the Bureau established an intensive craft training opportunities program to improve employee skills. At the end of fiscal 1966, 31 employees were being trained in the plate printing craft to fill positions as plate printers when vacancies occur. A training program for employees interested in the occupation of bookbinder was announced and the details for carrying out the program were being developed at the fiscal yearend. A meeting was held with 19 union officers and representatives of the maintenance trades and crafts, leading to formulation and implementation of craft training opportunities programs in the construction and maintenance shops.

In the interest of maintaining efficient and economical operations, the Bureau has carried on intensive research, engineering, and development activities and a continuing program of production and quality control studies.

Fiscal, administrative, and production areas have been audited by the Bureau's internal auditors. There were 36 audit recommendations outstanding on July 1, 1965. During fiscal 1966, 74 reports of audit, containing 42 additional recommendations, were released. Forty-six audit recommendations were cleared during fiscal 1966, leaving 32 under consideration at the close of the year.

Through its excess property program, the Bureau received \$13,218 from the sale of obsolete equipment and excess material and obtained equipment and furniture valued at \$25,166 at no charge, through the Federal excess property utilization program.

Continuing efforts have been made to encourage employee participation in the employee suggestion program. The Bureau's participation rate for fiscal 1966, with 16.6 suggestions received for each 100 employees, was approximately 63 percent higher than last year's. Estimated annual recurring savings of \$32,322 and one-time savings of \$4,020 will accrue to the Bureau as a result of suggestions adopted in fiscal 1966. In addition, one-time savings of \$48,477 were realized through the sustained superior performance of employees.

During the year, 911 Bureau employees participated in 49 in-Bureau training programs; 40 summer employees attended the Department orientation seminar; 114 trainees completed 32 courses conducted by other Government agencies; and 52 employees attended conferences, seminars, and training classes sponsored by non-Government organizations.

Estimated savings resulting from management improvements during fiscal 1966 totaled 533 man-years and approximately \$3,317,782 on a recurring annual basis; one-time savings totaling \$140,709 were realized. All savings realized are applied against the cost of products

produced and are reflected in the Bureau's billing rates to customer agencies.

New issues of postage stamps and deliveries of finished work

New issues of postage stamps delivered by the Bureau in fiscal 1966 are shown in table 91. A comparative statement of deliveries of finished work for the fiscal years 1965 and 1966 appears in table 92.

Finances

Bureau operations are financed by reimbursements to the Bureau of Engraving and Printing fund, as authorized by law. Comparative financial statements follow.

Statement of financial condition, June 30, 1966 and 1965

Assets	June 30, 1966	June 30, 1965
Current assets:		
Cash:		
On hand.....	\$100	\$824
With the Treasury.....	6,586,523	4,427,824
Accounts receivable ¹	1,855,730	4,215,264
Inventories: ²		
Finished goods.....	1,240,979	1,238,819
Work in process.....	3,554,609	3,412,963
Raw materials.....	931,956	684,501
Stores.....	1,120,413	1,021,704
Prepaid expenses.....	95,731	83,493
Total current assets	15,386,041	15,085,392
Fixed assets:³		
Plant machinery and equipment.....	24,370,485	21,767,112
Motor vehicles.....	156,742	160,616
Office machines.....	266,420	259,173
Furniture and fixtures.....	501,705	489,607
Dies, rolls, and plates.....	3,955,961	3,955,961
Building appurtenances.....	3,519,764	3,143,755
Fixed assets under construction.....	145,343	410,342
Total	32,916,420	30,186,566
Less accumulated depreciation.....	16,558,350	14,980,051
Total	16,358,070	15,206,515
Excess fixed assets (written down to 20% of book value).....	6,451	4,466
Total fixed assets	16,364,521	15,210,981
Deferred charges.....	114,417	156,050
Total assets	31,864,979	30,452,423

Footnotes at end of table.

Statement of financial condition, June 30, 1966 and 1965—Continued

Liabilities and investments of the United States	June 30, 1966	June 30, 1965
Liabilities:		
Accounts payable ¹	\$2,061,571	\$736,851
Accrued liabilities:		
Payroll ²	1,684,881	1,919,346
Accrued leave	1,864,408	1,821,655
Other	140,432	214,307
Trust and deposit liabilities	935,334	800,453
Other liabilities ³	2,259	11,510
Total liabilities ⁴	6,688,885	5,504,122
Investment of the U.S. Government:		
Appropriation from U.S. Treasury	3,250,000	3,250,000
Donated assets, net ⁵	22,000,930	22,000,930
Total	25,250,930	25,250,930
Accumulated earnings, or deficit (-) ⁶	-74,836	-302,629
Total investment of the U.S. Government	25,176,094	24,948,301
Total liabilities and investment of the U.S. Government	31,864,979	30,452,423

¹ Accounts receivable at June 30, 1966, and June 30, 1965, include \$134,242 representing the value of finished goods and work in process inventories destroyed as a result of a fire as well as miscellaneous expenses incurred in connection thereto. A claim of negligence assessed against the contractor engaged in a construction project at the time of the fire was pending at the close of fiscal 1966.

² Finished goods and work in process inventories are valued at cost, including administrative and service overhead. Except for the distinctive paper which is valued at the acquisition cost, raw materials and stores inventories are valued at the average cost of the materials and supplies on hand.

³ Plant machinery and equipment, furniture and fixtures, office machines, and motor vehicles acquired on or before June 30, 1950, are stated at appraised values. Additions since June 30, 1950, and all building appurtenances are valued at acquisition cost. The act of Aug. 4, 1950 (31 U.S.C. 181a), which established the Bureau of Engraving and Printing fund specifically excluded land and buildings valued at about \$9 million from the assets of the fund. Also excluded are appropriated funds of about \$6,784,000 expended or transferred to GSA for extraordinary expenses in connection with uncapitalized building repairs and air conditioning. Dies, rolls, and plates were capitalized at July 1, 1951, on the basis of average unit costs of manufacture, reduced to recognize their estimated useful life. Since July 1, 1951, all costs of dies, rolls, and plates have been charged to operations in the year acquired.

⁴ Accounts payable at June 30, 1966, include \$1,466,000 representing payments withheld from contractors pending satisfactory performance of press equipment purchases.

⁵ Accrued payroll and other liabilities at June 30, 1965, include \$207,211 and \$9,113, respectively, for claimed retroactive overtime pay due building guards or the estates of deceased building guards for services performed during the period October 1954–October 1964 in accordance with Comptroller General's Decision B-155197, dated Oct. 8, 1964, and Mar. 17, 1965. Payment of such claims was effected during fiscal year 1966.

⁶ In addition, outstanding commitments with suppliers for unperformed contracts and undelivered purchase orders totaled \$5,555,669 as of June 30, 1966, as compared with \$7,264,767 at June 30, 1965; at which time unperformed contracts included \$2,177,087, representing the balance due for a prototype multicolor, postage stamp web-fed intaglio printing press to be delivered in fiscal year 1966.

⁷ See following page, footnote 3.

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Statement of income and expense, fiscal years 1966 and 1965

Income and expense	1966	1965
Operating revenue: Sales of engraving and printing.....	\$33,012,991	\$31,028,383
Operating costs: Cost of sales:		
Direct labor.....	13,385,424	12,004,970
Direct materials used.....	5,452,800	4,852,260
Prime cost.....	18,838,224	16,857,230
Overhead costs:		
Salaries and indirect labor ¹	9,062,530	8,968,383
Factory supplies.....	1,291,091	1,188,731
Repair parts and supplies.....	321,614	316,596
Employer's share personnel benefits.....	1,548,016	1,458,417
Rents, communications, and utilities.....	546,858	528,105
Other services.....	342,999	319,651
Depreciation and amortization.....	1,905,349	1,706,814
Gain (-), or loss on disposal or retirement of fixed assets.....	34,306	29,675
Sundry expense (net).....	54,615	56,037
Total overhead.....	15,107,378	14,572,409
Total costs ²	33,945,602	31,429,639
Less: Nonproduction costs:		
Shop costs capitalized.....	437,965	424,564
Cost of miscellaneous services rendered other agencies.....	578,633	547,606
Cost of special services rendered—fire.....		2,242
Total.....	1,016,598	974,412
Cost of production.....	32,929,004	30,455,227
Net increase (-), or decrease in finished goods and work in process inventories from operations.....	-143,806	807,071
Cost of sales.....	32,785,198	31,262,298
Operating profit, or loss (-).....	227,793	-233,915
Nonoperating revenue:		
Operation and maintenance of incinerator and space utilized by other agencies.....	487,433	469,767
Other direct charges for miscellaneous services.....	91,200	77,839
Claim receivable for fire loss.....		134,242
Total.....	578,633	681,848
Nonoperating costs:		
Cost of miscellaneous services rendered other agencies.....	578,633	547,606
Cost of special services rendered—fire.....		2,242
Work in process and finished goods inventory loss due to fire.....		132,000
Total.....	578,633	681,848
Net profit, or loss (-) for the year ³	227,793	-233,915

¹ Includes \$216,324 in 1965 to cover the cost of retroactive overtime pay for building guards, most of which was applicable to prior years. Payment of such claims was effected during fiscal year 1966.

² No amounts are included in the accounts of the fund for (1) interest on the investment of the Government in the Bureau of Engraving and Printing fund, (2) depreciation on the Bureau's buildings excluded from the assets of the fund by the act of Aug. 4, 1950, and (3) certain costs of services performed by other agencies on behalf of the Bureau.

³ The act of Aug. 4, 1950, provided that customer agencies make payment to the Bureau at prices deemed adequate to recover all costs incidental to performing work or services requisitioned. Any surplus accruing to the fund in any fiscal year is to be paid into the general fund of the Treasury as miscellaneous receipts except that any surplus is applied first to restore any impairment of capital by reason of variations between prices charged and actual costs.

Statement of source and application of funds, fiscal years 1966 and 1965

Funds provided and applied	1966	1965
Funds provided:		
Sales of engraving and printing.....	\$33, 012, 991	\$31, 028, 383
Operation and maintenance of incinerator and space utilized by other agencies.....	487, 433	469, 767
Other direct charges for miscellaneous services.....	91, 200	77, 839
Claim receivable for fire loss.....		134, 242
Total.....	33, 591, 624	31, 710, 231
Less cost of sales and services (excluding depreciation and other charges not requiring expenditure of funds: Fiscal year 1966, \$1,939,655; fiscal year 1965, \$1,736,489).....	31, 424, 176	30, 207, 657
Sale of surplus equipment.....	2, 167, 448	1, 502, 574
Decrease in working capital.....	15, 891	6, 430
	884, 115	1, 272, 843
Total funds provided.....	3, 067, 454	2, 781, 847
Funds applied:		
Acquisition of fixed assets.....	3, 036, 264	2, 706, 967
Acquisition of experimental equipment, and plant repairs and alterations to be charged to future operations.....	31, 190	74, 880
Total funds applied.....	3, 067, 454	2, 781, 847

Fiscal Service**BUREAU OF ACCOUNTS**

The functions of the Bureau are Government-wide in scope. They include central accounting and financial reporting; disbursing for virtually all civilian agencies; supervising the Government's depository system; determining qualifications of insurance companies to do surety business with Government agencies; a variety of fiscal activities such as investment of trust funds, agency borrowings from the Treasury, and international claims and indebtedness; and Treasury staff representation in the joint financial management improvement program.

Management improvement

Under the cost reduction and management improvement program, savings of \$862,410 were realized during fiscal 1966, attributable to further improvements in technology and systems, realignment of organization and staffing, and the fruits of continuing programs for the development of people in management skills at all levels.

Personnel

Emphasis on training at all levels within the Bureau continued, with particular attention to trainees at entrance levels under the Bureau's career development program and participation in the middle management program initiated by the Bureau in cooperation with the Institute for Management Appraisal and Executive Development of the American University. Increasing numbers of employees are being broadened in the field of management principles and practices at both the top and middle management levels, in supervisory skills, and in special occupational skills such as EDP programming and operations, banking, budgeting and accounting, systems, forms and reports design and control, records management, and purchasing.

Manpower utilization within the Bureau received continued attention under the program for progress in fiscal 1966. The approach taken under this program proceeds from the assumption that there was untapped talent in every office of the Bureau and that it could be discovered, developed, and utilized. A search, on a person-to-person basis, relating skills and potential to vacancies, anticipated vacancies, and possible job restructuring, proceeded during 1966 with significant results in both departmental and field offices. Resulting directly from this program has been the identification of a number of employees whose skills are now being used in positions more demanding of their talents.

Internal financial management

The Bureau's administrative accounting system was approved by the Comptroller General on March 1, 1966.

Cost accounting and reporting were computerized, yielding more current and accurate cost data which resulted in a substantial reduction in the cost of data gathering and reports preparation.

Central accounting and reporting

Further progress was made during fiscal 1966 to bring additional accounting and reporting processes into the computer system. Although the goal of computer printout of "camera" copy of certain Government-wide financial reports established in the initial planning had not been achieved by the fiscal yearend, a major portion of these reports was based on computer processing of financial data. Programs looking to the preparation of computer printout of camera copy were partially developed and tested.

A further revision was made in the system of central accounting. Treasury regional offices now send daily transaction tapes to the central office for maintaining agency station control totals of disbursing office transactions. The centralization of this function permitted mechanization and thereby reduced the workload of regional accounting operations.

Two department circulars relating to agency reporting of foreign currencies and the sale of certain financial assets were prepared during the year. In addition, one reporting circular was revised and another rescinded.

Internal auditing

The audit staff of the Bureau conducted 17 audits during fiscal 1966. Sixteen of these were financial audits, with one focusing on management operations in a selected administrative area. In addition, comprehensive management surveys of field operations were undertaken in five regional offices.

General coordination and staff assistance were furnished for the annual audit of the Exchange Stabilization Fund. Other audits made of departmental activities included the Office of the Comptroller of the Currency and unissued stocks of Federal Reserve notes.

Disbursing operations

The average operating unit cost for the central disbursing activity, involving a normal workload of 387.6 million checks and bonds, reached a new low of 2.87 cents in fiscal 1966. For the total 1966

workload of 404.9 million items, which included 17.3 million one-time retroactive social security checks, the average unit cost was 2.78 cents. For fiscal 1965, the unit cost was 2.98 cents. These figures include the cost of all goods and services consumed and depreciation of owned equipment. Productivity per employee increased by 14.7 percent in 1966 over 1965 (19.0 percent including the 17.3 million one-time social security checks).

During the year, 11 regional disbursing offices performed disbursing services for over 1,400 offices of agencies. The Washington and Manila offices performed services for certain foreign service posts in Central and South America and the Far East, respectively.

Over 95 percent of all checks and bonds were produced on computers, compared to 93 percent the previous year.

A reorganization of regional offices was instituted to reduce the strata of supervision and to realine certain functions, resulting in widespread cost reductions.

Computer payrolling systems, like the Fiscal Service system used in Washington, were installed in three regional offices. Like systems will be installed in the other two computerized offices outside Washington during fiscal 1967. With such systems for the Bureau's own payrolling, payroll accounting services will also be available to other relatively small Government agencies that may be interested (providing also the benefits of magnetic tape input for check writing purposes).

Several obsolete machines previously used to insert checks and other documents into envelopes were modified in fiscal 1966 to permit extraction of checks from envelopes. This modified equipment is being used to remove checks returned by the Post Office Department as undeliverable and checks withheld from the mails, all of which formerly required manual effort.

Nearly one-half of the tax refund checks issued this year were pre-sorted by ZIP Code. Current planning looks to imprinting ZIP Codes on all checks and ZIP Code presorting of the large volume monthly recurring checks beginning in fiscal 1967.

Following is a comparison of fiscal 1966 disbursing workload with 1965.

Classification	Volume	
	1965	1966
Operations financed by appropriated funds:		
Checks:		
Social security benefits.....	198, 593, 859	¹ 228, 398, 709
Veterans' benefits.....	68, 976, 138	68, 647, 928
Income tax refunds.....	39, 841, 453	45, 311, 179
Veterans' national service life insurance dividends.....	4, 279, 794	2, 564, 406
Other.....	40, 209, 189	41, 156, 683
Savings bonds issued.....	5, 500, 741	5, 588, 643
Adjustments and transfers.....	54, 371	197, 362
Total workload financed by appropriated funds.....	357, 455, 545	391, 864, 910
Operations financed by reimbursements:		
Railroad retirement board.....	12, 153, 862	12, 163, 384
Bureau of the Public Debt (certain savings bonds).....	850, 453	887, 192
Total workload-reimbursable items.....	13, 004, 315	13, 050, 576
Total workload.....	370, 459, 860	404, 915, 486

¹ Includes 17.3 million 1-time retroactive payments.

Deposits, investments, and related activities

Federal depositary system.—The types of depositary services provided by depositaries and the number of depositaries for each of the authorized services as of June 30, 1965 and 1966, are shown in the following table:

Type of service provided by depositaries	1965	1966
Receive deposits from taxpayers and purchasers of public debt securities, for credit in Treasury tax and loan accounts.....	12, 186	12, 464
Receive deposits from Government officers for credit in Treasurer's general accounts.....	1, 036	1, 101
Maintain official checking accounts of Government officers.....	5, 780	6, 101
Furnish bank drafts to Government officers in exchange for collections.....	2, 250	1, 400
Maintain State unemployment compensation benefit payments and clearing accounts.....	56	53
Operate limited banking facilities:		
In the United States and its outlying areas.....	274	265
In foreign areas.....	153	164

Investments.—Government trust funds are invested in marketable U.S. securities and special securities issued for purchase by the major trust funds as authorized by law.

During the year investments of excess funds of the Tax Court judges survivors annuity fund were begun. Investments for the fund are made in public debt securities at the request of the Tax Court pursuant to 26 U.S.C. 7448(e).

Table 65 shows the holdings of public debt and agency securities by Government agencies and accounts.

Loans by the Treasury.—The Bureau administers loan agreements with those Government corporations and agencies that have authority to borrow from the Treasury. Pursuant to legislation enacted on August 10, 1965 (12 U.S.C. 1735c) the general insurance fund was established under the Federal Housing Administration and borrowings were authorized in order to make insurance benefit payments under title V of the National Housing Act, as amended by section 215 of the Housing and Urban Development Act of 1965. Tables 108, 109, and 110 show the status of Treasury loans to Government corporations and agencies as of June 30, 1966.

Surety bonds.—The Secretary of the Treasury issues certificates of authority, renewable each June 1, to corporate sureties qualified to execute bonds in favor of the United States (6 U.S.C. 8). A list of companies holding such certificates (Department Circular 570, Revised) is published annually in the *Federal Register*. A total of 252 companies held certificates as of June 30, 1966.

Executive agencies are required by law (6 U.S.C. 14) to obtain, at their own expense, blanket, position schedule, or other types of surety bonds covering employees required to be bonded. The legislative and judicial branches are permitted by law to follow the same procedure. A summary of bonding activities of Government agencies follows:

Number of officers and employees covered on June 30, 1966.....	992, 830
Aggregate penal sums of bonds procured.....	\$3, 590, 476, 528
Total premiums paid by the Government in fiscal 1966.....	\$242, 808
Administrative expenses in fiscal 1966.....	\$49, 318

Foreign indebtedness

World War I.—Legislation relating to the agreement of May 28, 1964, between the United States and Greece concerning the refinancing of a portion of the Greek debt is awaiting approval by the Congress. For status of World War I indebtedness to the United States see tables 103 and 104.

Credit to the United Kingdom.—The installment of principal and interest due December 31, 1965 (under the financial aid agreement of Dec. 6, 1945, as amended Mar. 6, 1957), was deferred. Payment was made of \$6.2 million representing interest on principal and interest installments previously deferred. Through June 30, 1966, cumulative payments totaled \$1,395.8 million, of which \$794.9 million was interest. An unmatured principal balance of \$3,149.1 million remains outstanding; interest installments of \$262.6 million which have been deferred by agreement also were outstanding at the fiscal yearend.

Japan, postwar economic assistance.—The Government of Japan made payments in fiscal 1966 of \$33.9 million principal and \$10.0 million interest on its indebtedness arising from postwar economic assistance. Cumulative payments through June 30 totaled \$115.1 million principal and \$38.6 million interest, leaving an unpaid principal balance of \$374.9 million.

Germany, postwar economic assistance.—The Federal Republic of Germany made principal payments of \$0.9 million and interest payments of \$5.0 million on its indebtedness arising from post-World War II economic assistance. Cumulative payments through June 30 totaled \$800.5 million principal and \$218.4 million interest, leaving an unpaid principal balance of \$199.5 million.

Payments of claims against foreign governments

The sixth installment of \$2 million was received from the Polish Government under the agreement of July 16, 1960. The Foreign Claims Settlement Commission completed its adjudications and a pro rata payment of 4.8 percent on the unpaid principal balance of each award was authorized.

The Commission continued to certify awards to the Treasury under the War Claims Act of 1948, as amended. The Treasury received an additional \$142.5 million from the proceeds of the U.S. sale of seized assets of German and Japanese nationals, including sums realized from the sale of General Aniline & Film Corp. stock. Payments in full on awards due to death and personal injury were continued in fiscal 1966. Payments in full on awards due to losses of "small business" concerns and payment up to \$7,000 on all other awards were authorized and begun during the year. See table 94.

Defense lending

Defense Production Act.—Loans outstanding were reduced from \$16.7 million to \$14.9 million during fiscal 1966. Further transfers of \$2.1 million were made to the account of the General Services Administration, from the net earnings accumulated since inception of the program, bringing the total of these transfers to \$18.6 million.

Federal Civil Defense Act.—Outstanding loans were reduced to \$475,645 during fiscal 1966. Notes payable to the Treasury in the

amount of \$33,909 were paid in full and interest payments of \$366 were made.

Liquidation of Reconstruction Finance Corporation assets.—The Secretary of the Treasury's responsibilities in the liquidation of RFC assets relate to completing the liquidation of business loans and securities with individual balances of \$250,000 or more as of June 30, 1957, securities of and loans to railroads, securities of financial institutions, and the windup of corporate affairs. Net income and proceeds of liquidation amounting to \$53.7 million have been paid into the Treasury as miscellaneous receipts since July 1, 1957. Total unliquidated assets as of June 30, 1966, had a gross book value of \$5.7 million.

Depository receipts

The following table shows the volume of depository receipts for the fiscal years 1960–66. A description of the depository receipt procedure was contained on page 141 of the 1962 annual report.

Fiscal year	Income and social security taxes	Railroad retirement taxes	Federal excise taxes	Total
1960	9,469,057	10,625	598,881	10,078,563
1961	9,908,068	10,724	618,971	10,537,763
1962	10,477,119	10,262	618,026	11,097,407
1963	11,161,897	9,937	619,519	11,791,353
1964	11,729,243	9,911	633,437	12,372,591
1965	12,012,385	9,859	644,753	12,666,997
1966	12,518,436	9,986	259,952	12,788,374

NOTE.—Comparable data for 1944–59 will be found in the 1962 annual report, p. 141.

Government losses in shipment

Claims totaling \$138,501.04 were paid from the revolving fund established by the Government Losses in Shipment Act, as amended. Details of operations under this act are shown in table 114.

Other operations

Donations and contributions.—During the year the Bureau of Accounts deposited "conscience fund" contributions totaling \$14,089.16 and other unconditional donations totaling \$137,447.31. Other Government agencies deposited conscience fund contributions and unconditional donations amounting to \$6,185.30 and \$126,612.08, respectively. Conditional gifts to further the defense effort amounted to \$9,672.64. Gifts of money and the proceeds of real or personal property donated in fiscal 1966 for the purpose of reducing the public debt amounted to \$82,606.19, of which \$81,655.19 was used to redeem public debt securities.

Social Security Amendments of 1965

Pursuant to Public Law 89–97 approved July 30, 1965, the Federal hospital insurance trust fund and the Federal supplementary medical insurance trust fund were established. Under the act, the Secretary of the Treasury was designated as managing trustee of the two new trust funds with responsibilities comparable to those for the Federal

old-age and survivors insurance and the Federal disability insurance trust funds.

Deposits to the Federal hospital insurance trust fund began January 1, 1966, when the increase in the tax rate and wage base for social security taxes went into effect. Deposits to the Federal supplementary medical insurance trust fund will begin July 1, 1966, when the first of the \$3 monthly contributions are due from persons who elect coverage (with the matching Federal contribution). Benefit payments from the two new trust funds will begin July 1, 1966. Payments will be made through the normal disbursing facilities of the Bureau and through letters of credit. See table 72 for the status of the Federal hospital insurance trust fund.

BUREAU OF THE PUBLIC DEBT

The Bureau of the Public Debt, in support of the management of the public debt, has responsibility for the preparation of Treasury Department circulars offering public debt securities, the direction of the handling of subscriptions and making of allotments, the formulation of instructions and regulations pertaining to each security issue, the issuance of the securities, and the conduct or direction of transactions in those outstanding. The Bureau is responsible for the final audit and custody of retired securities, the maintenance of the control accounts covering all public debt issues, the keeping of individual accounts with owners of registered securities and authorizing the issue of checks in payment of interest thereon, and the handling of claims on account of lost, stolen, destroyed, or mutilated securities.

The Bureau's principal office and headquarters is in Washington, D.C. Offices also are maintained in Chicago, Ill., and Parkersburg, W. Va., where most Bureau operations related to U.S. savings bonds are handled. Under Bureau supervision many transactions in public debt securities are conducted by the Federal Reserve banks and their branches as fiscal agents of the United States. Selected post offices, private financial institutions, industrial organizations, and others (approximately 19,100 in all) cooperate in the issuance of savings bonds.

Management improvement

A feasibility study has established the justification for the installation of an electronic data processing system in the Chicago office, for current income savings bonds operations to: Audit and classify transactions; establish and maintain accounts of owners; prepare monthly a tape for the use of the regional disbursing office in issuing interest checks; maintain serial numbers of retired bonds; record withheld interest in a special deposit account; and develop a tape record of interest payments for transmittal to the Internal Revenue Service. The Bureau was the successful bidder for a computer owned by the Federal Reserve Board which is to become surplus with the acquisition of a newer system. The equipment is scheduled for delivery to the Chicago office by December 1966, and is expected to be in full operation early in fiscal year 1968.

The Parkersburg office has continued to work with selected Government issuing agents of savings bonds to obtain issue data from those

agents on microfilm and magnetic tape, rather than on registration stubs. The project is necessarily limited to agents which use computers to inscribe, control, and account for series E bonds. The Air Force Accounting and Finance Center is the third of these agents to convert to the film and tape reporting system, following the Navy Bureau of Supplies and Accounts and the Army Finance Center. Studies are continuing with several other agents, including one Federal Reserve bank.

The instructions governing telegraphic transfers of bearer Treasury securities after original issue were revised, effective July 1, 1965. The principal change was in the establishment of a standard charge for all transfers conducted for the benefit of private holders of eligible securities. Previously the fee had been based upon the amount of securities transferred and their proximity to the call or maturity date. The fee was subsequently adjusted as of April 1, 1966, and will cover the approximate cost of the transaction to the Treasury. The establishment of a uniform charge is in keeping with the administration's policy covering the imposition of users' fees.

Authority has been delegated to the Federal Reserve banks to retire registered Treasury bonds and notes and to issue a like amount of bearer securities of the same loan, without submitting the registered securities to the Division of Loans and Currency for review of the assignment and any supporting evidence. Provision has been made for the telegraphic clearance of each case by the Division to insure that there are no caveats outstanding against the registered securities and to initiate action to close the registered accounts. The primary benefit of the change is speedier service to security owners in completing transactions.

The Housing and Urban Development Act of 1965 authorized the Federal Housing Administration to exercise the option of settling mortgage insurance claims either in cash or through the issue of debentures. That agency elected to settle in cash all claims presented on or after September 1, 1965, except in a relatively few types of cases. This action has sharply curtailed the number of transactions in FHA debentures and resulted in substantial savings in the Bureau, which issues and services the debentures.

In January 1966 the Bureau and the Federal Reserve Bank of Chicago undertook a pilot study to determine the feasibility of dispensing with the requirement of one calendar month's notice of intention to redeem series H and unmatured series K savings bonds. Under the implementing procedures, bonds submitted for redemption were checked against a caveat list and paid without prior clearance by the Bureau. Bonds received during the calendar month immediately preceding an interest payment date were held for redemption as of that date. Provision was also made to speed the reissue of current income bonds by eliminating the need for prior clearance of these cases by the Bureau. The procedures have worked successfully and steps are being taken to revise the savings bond regulations and extend the procedures to all Federal Reserve banks early in fiscal year 1967. This will improve service to bondowners and will produce substantial savings in operating costs.

Other changes in organizations, methods and procedures have also been made during the year under the cost reduction and management

improvement program. There were realignments and consolidations in organizational segments of the Washington and Chicago offices. In the Parkersburg office microfilm costs were reduced through the updating of equipment, and the H-200 EDP system was improved by the installation of more efficient card punches and readers. In the Chicago office savings are being realized from changes in the procedures covering the handling of undeliverable and held interest checks on current income savings bonds.

Bureau operations

The extent of the change in the composition of the public debt is one measure of the Bureau's work. The debt falls into two broad categories: public issues and special issues. Public issues consist of marketable Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable securities, chiefly U.S. savings bonds, U.S. retirement plan bonds, and Treasury bonds of the investment series. Special issues of certificates, notes, and bonds are made by the Treasury directly to various Government trust and certain other accounts and are payable only for these accounts.

During the year, 24,453 individual accounts covering publicly held registered securities other than U.S. savings bonds and retirement plan bonds were opened and 26,293 were closed. This decreased the number of open accounts to 213,180 covering registered securities in the principal amount of \$11,628 million. There were 409,396 interest checks with a value of \$402,152,662 issued during the year.

Redeemed and canceled securities other than savings bonds and retirement plan bonds received for audit included 5,340,072 bearer securities and 526,460 registered securities. Coupons totaling 17,016,528 were received.

During the year 14,502 registration stubs of newly issued retirement plan bonds and 1,844 redeemed retirement plan bonds were received for audit.

A summary of public debt operations handled by the Bureau appears on pages 19-31 of this report and in tables 29-57.

U.S. savings bonds.—The issuance and redemption of savings bonds results in a heavy administrative burden for the Bureau of the Public Debt, involving: maintenance of alphabetical and numerical ownership records for the 2.8 billion bonds issued since 1935; adjudication of claims for lost, stolen, and destroyed bonds (which totaled 2.1 million pieces on June 30, 1966); and the handling and recording of retired bonds.

Detailed information on sales, accrued discount, and redemptions of savings bonds will be found in tables 48 to 50, inclusive.

There were 107.6 million stubs or records on magnetic tape and microfilm representing the issuance of series E bonds received for registration, making a grand total of 2,763 million, including reissues, received through June 30, 1966.

All registration stubs of series E savings bonds and all retired series E savings bonds are microfilmed, audited, and destroyed, after required permanent record data are prepared by an EDP system in the Parkersburg office. Prior to the establishment of that office these savings bond operations were performed in several Bureau offices manually and on tabulating equipment. The following table shows the status of processing operations for savings bonds in the Parkersburg office.

Fiscal year	Re- ceived	Micro- filmed	Key punched	Con- verted to mag- netic tape	Au- dited and classi- fied	De- stroyed	Balance			
							Un- filmed	Not key punched	Not con- verted to magnetic tape	Unau- dited
	Stub's of issued card type series E savings bonds [in millions of pieces]									
1958-61-----	322.9	321.4	319.8	319.4	318.1	212.7	1.5	3.1	3.5	4.8
1962-----	91.0	90.2	88.7	89.1	88.9	154.1	2.3	5.4	5.4	6.9
1963-----	94.3	93.9	95.0	95.0	93.0	69.6	2.7	4.7	4.7	8.2
1964-----	100.1	98.2	97.6	97.6	98.4	96.2	4.6	7.2	7.2	9.9
1965-----	98.4	100.7	101.1	101.1	101.7	123.7	2.3	4.5	4.5	6.6
1966-----	101.2	101.2	100.2	99.8	100.3	100.3	2.3	5.5	5.9	7.5
Total..	807.9	805.6	802.4	802.0	800.4	756.6	-----	-----	-----	-----
	Retired card type series E savings bonds [in millions of pieces]									
1958-61-----	177.6	177.1	175.9	175.7	175.3	113.6	.5	1.7	1.9	2.3
1962-----	62.4	61.3	61.1	61.1	60.3	95.0	1.6	3.0	3.2	4.4
1963-----	64.9	64.3	64.1	64.3	63.5	48.3	2.2	3.8	3.8	5.8
1964-----	70.1	70.0	68.9	68.9	69.1	83.4	2.3	5.0	5.0	6.8
1965-----	75.3	75.9	77.1	76.8	76.9	59.8	1.7	3.2	3.5	5.2
1966-----	81.5	81.0	79.7	80.0	80.2	91.6	2.2	5.0	5.0	6.5
Total..	531.8	529.6	526.8	526.8	525.3	491.7	-----	-----	-----	-----
	Retired paper type series E savings bonds [in millions of pieces]									
1962-----	.8	.8	.7	.7	.7	-----	-----	.1	.1	.1
1963-----	21.8	21.2	20.8	20.8	19.9	5.1	.6	1.1	1.1	2.0
1964-----	22.4	22.4	22.1	22.1	22.3	23.4	.6	1.4	1.4	2.1
1965-----	20.4	20.5	21.0	20.9	21.2	11.0	.5	.8	.9	1.3
1966-----	19.3	19.4	19.1	19.2	19.3	33.9	.4	1.0	1.0	1.3
Total..	84.7	84.3	83.7	83.7	83.4	73.4	-----	-----	-----	-----

¹ Excludes records received on magnetic tape and microfilm; 5.3 million in 1965 and 6.4 million in 1966.

Of the 95.9 million series A-E savings bonds redeemed and charged to the Bureau during the year, 93.5 million (97.5 percent) were redeemed by approximately 16,300 authorized paying agents. For these redemptions these agents were reimbursed quarterly at the rate of 15 cents each for the first 1,000 bonds paid and 10 cents for all over the first 1,000 for a total of \$12,148,980 and an average of 12.99 cents per bond.

The following table shows the number of savings bonds outstanding as of June 30, 1966, by series and denomination.

Series ¹	Total	Denomination (in thousands of pieces)									
		\$10	\$25	\$50	\$75	\$100	\$200	\$500	\$1,000	\$5,000	\$10,000
E.....	476,026	668	251,690	109,463	1,923	79,415	8,280	11,992	12,546	-----	47
H.....	6,987	-----	-----	-----	-----	-----	-----	2,685	3,879	326	97
A.....	2	-----	1	(²)	-----	1	-----	(²)	(²)	-----	-----
B.....	3	-----	1	1	-----	1	-----	-----	-----	-----	-----
C.....	8	-----	3	1	-----	2	-----	1	1	-----	-----
D.....	42	-----	15	8	-----	12	-----	3	4	-----	-----
F.....	41	-----	19	-----	-----	12	-----	3	6	1	(²)
G.....	94	-----	-----	-----	-----	47	-----	18	27	2	(²)
J.....	261	-----	50	-----	-----	95	-----	27	66	9	14
K.....	257	-----	-----	-----	-----	-----	-----	67	144	22	23
Total.....	483,721	668	251,779	109,473	1,923	79,585	8,280	14,796	16,673	360	181

¹ Currently only bonds of series E and H are on sale.

² Less than 500 pieces.

The following table shows the number of issuing and paying agents for series A-E savings bonds by classes.

June 30	Post offices ¹	Banks	Building and savings and loan associations	Credit unions	Companies operating payroll plans	All others	Total
Issuing agents							
1945.....	24,038	15,232	3,477	2,081	² 9,605	(²)	54,433
1950.....	25,060	15,225	1,557	522	3,052	550	45,966
1955.....	2,476	15,092	1,555	428	2,942	588	23,681
1960.....	1,093	16,436	1,851	320	2,352	643	22,695
1961.....	1,061	13,505	1,617	285	2,045	590	³ 19,103
1962.....	1,046	13,559	1,670	281	1,978	573	19,107
1963.....	1,011	13,644	1,679	269	1,857	560	19,020
1964.....	977	13,908	1,702	252	1,783	528	19,150
1965.....	943	14,095	1,702	246	1,695	510	19,191
1966.....	934	14,114	1,710	241	1,621	482	19,102
Paying agents							
1945.....		13,466					13,466
1950.....		15,623	874	137		57	16,691
1955.....		16,269	1,188	139		56	17,652
1960.....		17,127	1,797	169		60	19,153
1961.....		13,670	1,605	158		16	³ 15,449
1962.....		13,687	1,690	160		16	15,553
1963.....		13,826	1,739	155		15	15,735
1964.....		14,039	1,779	158		15	15,991
1965.....		14,190	1,816	157		15	16,178
1966.....		14,247	1,857	164		15	16,283

¹ Estimated by the Post Office Department for 1955 and thereafter. Sale of series E savings bonds was discontinued at post offices at the close of business on Dec. 31, 1953, except in those localities where no other public facilities for their sale were available.

² "All others" included with companies operating payroll plans.

³ Substantial reduction due to reclassification by Federal Reserve banks effective Dec. 31, 1960, to include only the actual number of entities currently qualified.

Interest checks issued on current income-type savings bonds (series H and K) during the year totaled 5,114,568 with a value of \$320,789,-792. New accounts established for series H bonds, the only current income-type savings bond presently on sale, totaled 129,268, while accounts closed for series H bonds totaled 141,153, a decrease of 11,885 accounts.

Applications received during the year for the issue of duplicates of savings bonds lost, stolen, or destroyed after receipt by the registered owner or his agent totaled 35,867. In 19,240 of these cases the issuance of duplicate bonds was authorized. In addition, 12,765 applications for relief were received in cases where the original bonds were reported as not being received after having been mailed to the registered owner or his agent.

OFFICE OF THE TREASURER OF THE UNITED STATES

The Treasurer of the United States is responsible for the receipt, custody, and disbursement, upon proper order, of the public moneys and for maintaining records of the source, location, and disposition of these funds. Federal Reserve banks as fiscal agents of the United States perform many functions for the Treasurer. These include: The verification and destruction of U.S. paper currency; the redemption of public debt securities; the keeping of cash accounts in the name of the Treasurer; the acceptance of deposits made by Government

officers for credit; and the custody of bonds held to secure public deposits in commercial banks.

Commercial banks qualifying as depositaries provide banking facilities for the Government in the United States and in foreign countries. Data on the transactions handled for the Treasurer by Federal Reserve banks and commercial banks are reported daily to the Treasurer and are entered in the Treasurer's general accounts.

The Treasurer maintains current summary accounts of all receipts and expenditures; pays the principal and interest on the public debt; provides checking account facilities for Government disbursing officers, corporations, and agencies; pays checks drawn on the Treasurer of the United States and reconciles the checking accounts of the disbursing officers; procures, stores, issues, and redeems U.S. currency; audits redeemed Federal Reserve currency of the larger denominations received from Federal Reserve banks and of all denominations received locally in Washington and from Government officers abroad; examines and determines the value of mutilated currency; and acts as special agent for the payment of principal and interest on certain securities of U.S. Government corporations and on certain securities issued by Puerto Rico on or before January 1, 1940.

The Office of the Treasurer maintains facilities at the Treasury to: accept deposits of public moneys by Government officers; cash U.S. savings bonds and checks drawn on the Treasurer; receive excess and unfit currency and coins; and conduct transactions in both marketable and nonmarketable public debt securities. The Office also prepares the *Daily Statement of the United States Treasury* and the monthly *Statement of United States Currency and Coin*.¹

Under the authority delegated by the Comptroller General of the United States, the Treasurer processes claims arising from forged endorsements and other irregularities involving checks paid by the Treasurer and passes upon claims for substitute checks to replace lost or destroyed unpaid checks.

The Treasurer of the United States is custodian of bonds held to secure public deposits in commercial banks, miscellaneous securities held for other agencies, and custodian of bonds held to secure postal savings on deposit in banks. Since the Postal Savings System no longer exists,² this custodianship will terminate as soon as the postal savings on deposit in banks are withdrawn.

Management improvements

The dollar amounts of checks and other orders for the payment of money deposited with the Treasurer in Washington are now being encoded on the items in magnetic ink by the Treasurer's Office. Since the volume does not justify the acquisition of costly high-speed MICR sorting and reading equipment by the Treasurer, arrangements were made during fiscal 1966 with the Federal Reserve Bank at Richmond and a Washington bank, which have the necessary equipment to sort and distribute the items to the banks through which the funds are collected. Under this new procedure, which became effective in April 1966, the Treasurer proves the items to the covering certificates of deposit and encodes the amounts simultaneously, thus eliminating the need for a separate encoding operation by the collecting banks.

¹ Replaced the *Circulation Statement of United States Money* beginning in January 1966.

² Discontinued on Apr. 27, 1966, by the act of Mar. 28, 1966 (39 U.S.C. 5225-5229).

A detailed study of the use of electric accounting equipment which supports operations for the EDP system for the check paying, reconciling, and claims activities, has resulted in (1) better control of work flow and assignments, (2) the development of a uniform format for all accounting reports using basically the same information, (3) improved machine utilization in the key punch jobs, and (4) the elimination of several exception type operations.

Until late in fiscal 1966 all Federal Reserve notes unfit for further circulation were sorted at the Federal Reserve banks, as to bank of issue, cut in half and the halves shipped separately to the Treasury. In Washington, the Currency Redemption Division of the Treasurer's Office verified the lower halves and the Office of the Comptroller of the Currency verified the upper halves.

Public Law 89-427 approved May 20, 1966, provides that Federal Reserve notes unfit for circulation shall be cancelled, destroyed, and accounted for under procedures prescribed and at locations designated by the Secretary of the Treasury, and that credit for the notes so retired may be allocated among the Federal Reserve banks as prescribed by the Board of Governors of the Federal Reserve System.

Pursuant to this legislation, the Secretary of the Treasury delegated authority to the Federal Reserve banks to audit and destroy unfit \$1 Federal Reserve notes on their premises; and the Board of Governors of the Federal Reserve System authorized the use of a formula for allocating credit among the 12 issuing banks. This new procedure avoids annual costs of \$500,000 for the preparation and shipment of the \$1 notes to Washington for audit and destruction; it also saves an estimated \$300,000 a year incurred in sorting the notes by bank of issue. These are not direct savings to the Treasury but are reflected in the form of increased revenues from profits of Federal Reserve banks deposited to the general fund of the Treasury.

Assets and liabilities in the Treasurer's account

A summary of the assets and liabilities in the Treasurer's account at the close of the fiscal years 1965 and 1966 is shown in table 58.

The assets of the Treasurer consist of gold and silver bullion, coin and paper currency, deposits in Federal Reserve banks, and deposits in commercial banks designated as Government depositaries.

Gold.—The Treasurer's gold assets declined during fiscal 1966 for the ninth consecutive year. The net reduction of \$500.6 million, daily Treasury statement basis, shown in table 58, represents disbursements of \$1,158.0 million, less \$182.9 million in gold deposited with the United States by the International Monetary Fund and other receipts of \$474.5 million.

Silver.—The Coinage Act of 1965 (Public Law 89-81), approved July 23, 1965, reduced the need for silver bullion in coinage by permitting dimes and quarter dollars to be minted from other metals and by reducing the silver content of the half dollar. The Department continued to supply silver bullion to meet commercial demands by exchanging it for silver certificates at the New York and San Francisco assay offices. Such exchanges were made at the monetary value of \$1.29+ per ounce, thereby holding the market price of silver at that level.

The following table, on the daily Treasury statement basis, summarizes transactions in silver bullion of all types during fiscal 1966.

Fiscal year 1966	Silver bullion (in millions)			
	Held to secure certificates, monetary value	Held for coinage, etc.		
		Monetary value	Cost value	Uncurrent coin value
On hand July 1, 1965.....	\$1,267.4	\$9.9	\$8.8	-----
Received (+) or disbursed (-), net.....	-----	-6.4	+1.0	+ \$0.4
Revalued.....	+16.3	-----	-9.8	-----
Exchanged for silver certificates.....	-119.7	-----	-----	-----
Released for coinage.....	-300.0	+300.0	-----	-----
Used in coinage or in coinage metal.....	-----	-279.6	-----	- .1
On hand June 30, 1966.....	864.1	23.9	.1	.3

Balances with depositaries.—The following table shows the number of each class of depositaries and balances on June 30, 1966.

	Number of accounts with depositaries ¹	Deposits to the credit of the Treasurer of the United States, June 30, 1966
Federal Reserve banks and branches.....	36	² \$1,136,043,180
Other domestic depositaries reporting directly to the Treasurer.....	47	39,442,693
Depositaries reporting through Federal Reserve banks:		
General depositaries, etc.....	1,998	169,666,173
Special depositaries, Treasury tax and loan accounts.....	12,299	10,049,614,546
Foreign depositaries ³	62	42,699,265
Total.....	14,442	11,437,465,857

¹ Includes only depositaries having balances with the Treasurer of the United States on June 30, 1966. Excludes depositaries duly designated for this purpose but having no balances on that date and those designated to furnish official checking account facilities or other services to Government officers, but which are not authorized to maintain accounts with the Treasurer. Banking institutions designated as general depositaries are frequently also designated as special depositaries, hence the total number of accounts exceeds the number of institutions involved.

² Includes checks for \$370,179,812 in process of collection.

³ Principally branches of U.S. banks and of the American Express Co., Inc.

Bureau operations

Receiving and disbursing public moneys.—Government officers deposit moneys which they have collected to the credit of the Treasurer of the United States either with the Treasurer at Washington, at Federal Reserve banks, or at designated Government depositaries, domestic or foreign. Certain taxes are also deposited directly by the employers or manufacturers who withhold or pay them. All payments are withdrawn from the Treasurer's account. Moneys deposited and withdrawn in the fiscal years 1965 and 1966, exclusive of certain intragovernmental transactions, are shown in the following table on the daily Treasury statement basis.

Deposits, withdrawals, and balances in the Treasurer's account	1965	1966
Balance at beginning of fiscal year.....	\$11, 035, 731, 209	\$12, 610, 264, 635
Cash deposits:		
Internal revenue, customs, trust fund, and other collections.....	125, 464, 340, 732	141, 094, 572, 593
Public debt receipts ¹	239, 286, 169, 978	251, 078, 144, 599
Less:		
Accrued discount on savings bonds, retirement plan bonds, and Treasury bills.....	-3, 717, 131, 345	-4, 178, 784, 247
Purchases by Government agencies.....	-49, 395, 891, 396	-58, 216, 585, 080
Sales of securities of Government agencies in market.....	10, 676, 163, 749	16, 056, 371, 956
Total deposits.....	322, 313, 651, 718	345, 833, 719, 820
Cash withdrawals:		
Budget and trust accounts, etc.....	126, 395, 262, 802	142, 190, 039, 055
Public debt redemptions ¹	233, 725, 170, 252	248, 444, 955, 787
Less:		
Redemptions included in budget and trust accounts.....	-3, 467, 431, 831	-3, 648, 303, 300
Redemptions by Government agencies.....	-46, 973, 403, 368	-55, 133, 946, 660
Redemptions of securities of Government agencies in market.....	10, 475, 544, 025	13, 108, 739, 075
Total withdrawals.....	320, 155, 141, 880	344, 961, 483, 956
Change in clearing accounts (checks outstanding, deposits in transit, unclassified transactions, etc.), net deposits, or withdrawals (-).....	-583, 976, 412	-1, 075, 123, 290
Balance at close of fiscal year.....	12, 610, 264, 635	12, 407, 377, 210

¹ For details see table 41.

Issuing and redeeming paper currency.—By law the Treasurer is the agent for the issue and redemption of U.S. paper currency. The Office did not issue any gold or silver certificates during fiscal 1966. U.S. notes were issued in amounts equal to those redeemed as required by law (31 U.S.C. 404).

The Federal Reserve banks and branches, as agents of the Treasury, redeem and destroy the major portion of the U.S. currency as it becomes unfit for circulation. A small amount is handled directly by the Treasurer's Office.

Federal Reserve banks issue Federal Reserve notes, including (since November 1963) notes of the \$1 denomination. As Federal Reserve notes replaced silver certificates in circulation, it was apparent that the economies achieved by redeeming and destroying unfit silver certificates at Federal Reserve banks would be lost unless legislation was obtained which would permit Federal Reserve notes to be handled in a similar manner. The Department therefore proposed such legislation which was approved May 20, 1966 (Public Law 89-427). See discussion above under "Management improvement."

Under procedures which were put into effect as soon as the enabling legislation was approved, Federal Reserve banks now cancel and destroy notes of the \$1 denomination without sorting them as to bank of issue. The Federal Reserve Board of Governors apportions the redemptions of such notes among the banks on a formula basis once each week and at the end of each month. Notes of larger denominations are cut in half and the lower halves forwarded to Washington to be verified by the Treasurer's Currency Redemption Division. However, the upper halves are retained at the banks where they are destroyed after the Treasurer's verification is completed.

In addition to verifying the lower halves of the larger denomination Federal Reserve notes, the Currency Redemption Division redeems

unfit paper currency of all types received locally in Washington and from Government officers abroad, as well as burned or mutilated currency from any source. During fiscal 1966 the Division examined and identified burned and mutilated currency for 47,647 claimants and made payments therefor totaling \$12,475,561.

The Treasurer's Office has also assumed the function of accounting for Federal Reserve notes from the time that they are delivered by the Bureau of Engraving and Printing until finally redeemed and destroyed. This was formerly the responsibility of the Comptroller of the Currency. The Office of the Comptroller of the Currency retains the function of receiving the new unissued notes from the Bureau of Engraving and Printing, holding them under joint custody with the Treasurer's Office, and supplying them to Federal Reserve banks as needed.

A comparison of the paper currency of all classes, including Federal Reserve notes, issued, redeemed, and outstanding during the fiscal years 1965 and 1966 follows:

	Fiscal year 1965		Fiscal year 1966	
	Pieces	Amount	Pieces	Amount
Outstanding July 1.....	4, 116, 908, 485	\$39, 559, 128, 671	4, 541, 995, 359	\$38, 664, 777, 668
Issues during year.....	1, 985, 469, 083	9, 826, 962, 793	1, 926, 288, 150	10, 895, 558, 303
Redemption during year.....	1, 560, 382, 209	10, 721, 313, 796	1, 203, 521, 508	7, 592, 982, 674
Outstanding June 30.....	4, 541, 995, 359	38, 664, 777, 668	5, 264, 762, 001	41, 967, 353, 297

Table 64 shows by class and denomination the value of paper currency issued and redeemed during the fiscal year 1966 and the amounts outstanding at the end of the year. Tables 60-63 give further details on the stock and circulation of money in the United States.

Paying grants through letters of credit.—Treasury Department Circular No. 1075, dated May 28, 1964, established a procedure "to preclude withdrawals from the Treasury any sooner than necessary" in cases where Federal programs are financed by grants or other payments to State or local governments or to educational or other institutions. Under this procedure Government departments and agencies issue letters of credit which permit grantees to make withdrawals from the account of the Treasurer of the United States as they need funds to accomplish the object for which a grant has been awarded.

By the close of fiscal 1966, 18 Government bureaus and agencies had put this procedure into effect for 1 or more of their programs. A total of 29,392 withdrawal transactions, aggregating \$7,718.3 million, were processed during the year.

Checking accounts of disbursing officers and agencies.—As of June 30, 1966, the Treasurer maintained 2,119 checking accounts, compared with 2,145 the year before. The number of checks paid by categories of disbursing officers during the fiscal years 1965 and 1966 follow.

Disbursing officers	Number of checks paid	
	1965	1966
Treasury.....	362,071,237	393,844,454
Army.....	28,418,544	30,765,534
Navy.....	33,303,977	34,777,416
Air Force.....	34,557,707	33,997,508
Other.....	24,259,758	25,154,520
Total.....	482,611,223	518,539,432

Settling check claims.—During the fiscal year the Treasurer processed 403,700 requests for stop payment on Government checks, and 68,620 requests for removal of stoppage of payments.

The Treasurer acted upon 247,302 paid check claims during the year, including those referred to the U.S. Secret Service for investigation of alteration, counterfeiting, or fraudulent issuance and negotiation of Government checks. Reclamation was requested from those having liability to the United States on 33,669 claims, and \$3,315,136 was recovered. Settlements and adjustments were made on 26,122 forgery cases totaling \$3,463,186. Disbursements from the check forgery insurance fund, established to enable the Treasurer to expedite settlement of check claims, totaled \$637,737. As recoveries are made, these moneys are restored to the fund. Settlements totaling \$5,172,943 have been made from the Treasurer's check forgery insurance fund since it was established on November 21, 1941.

Claims by payees and others involving 110,009 outstanding checks were acted upon. Of these, 89,945 were certified for issuance of substitute checks valued at \$129,270,521 to replace checks that were not received or were lost, stolen, or destroyed.

The Treasurer treated as canceled and transferred to accounts of agencies concerned for adjustment purposes the proceeds of 17,094 unavailable outstanding checks, totaling more than \$5,363,151.

Collecting checks deposited.—Government officers during the year deposited more than 8,428,000 commercial checks, drafts, money orders, etc., with the Cash Division in Washington for collection.

Custody of securities.—The face value of securities held in the custody of the Treasurer as of June 30, 1965, and June 30, 1966, is shown below.

Purpose for which held	June 30	
	1965	1966
As collateral:		
To secure deposits of public moneys in depository banks.....	\$75,223,100	\$56,804,100
To secure postal savings funds.....	18,917,000	18,227,000
In lieu of sureties.....	4,057,500	3,268,750
In custody for Government officers and others:		
For the Secretary of the Treasury ¹	34,908,409,499	34,191,682,823
For the Board of Trustees, Postal Savings System.....	355,579,000	188,890,000
For the Comptroller of the Currency.....	16,388,500	17,039,500
For the Federal Deposit Insurance Corporation.....	1,169,148,000	813,870,000
For the Rural Electrification Administration.....	124,368,030	141,326,779
For the District of Columbia.....	140,849,297	164,416,863
For the Commissioner of Indian Affairs.....	35,016,075	66,500,400
Foreign obligations ²	12,051,630,530	12,047,451,530
Other ³	69,895,011	63,462,931
For Government security transactions: Unissued bearer securities.....	1,758,882,800	1,877,421,500
Total.....	50,728,364,342	49,650,362,176

¹ Includes those securities listed in table 108 as in custody of the Treasury.

² Issued by foreign governments to the United States for indebtedness arising from World War I.

³ Includes U.S. savings bonds in safekeeping for individuals.

Servicing securities for Federal agencies and for certain other governments.—In accordance with agreements between the Secretary of the Treasury and various Government corporations and agencies and Puerto Rico, the Treasurer of the United States acts as special agent for the payment of principal of and interest on their securities. The amounts of these payments during the fiscal year 1966, on the daily Treasury statement basis, were as follows.

Payment made for—	Principal	Interest paid with principal	Registered interest ¹	Coupon interest
Banks for cooperatives.....	\$1,533,045,000	\$33,082,405		
District of Columbia Armory Board.....				\$831,243
Federal home loan banks.....	4,979,690,000	158,309,738		54,328,655
Federal Housing Administration.....	426,412,900	6,021,823	\$21,773,561	
Federal intermediate credit banks.....	3,209,570,000	101,578,622		
Federal land banks.....	808,510,700	4,393,463	11,130,185	132,128,479
Federal National Mortgage Association.....	108,530,000			64,185,231
Puerto Rico.....	161,500			49,263
Others.....	10,475	48		1,585
Total.....	11,065,930,575	303,386,099	32,903,746	251,524,456

¹ On the basis of checks issued.

Office of Foreign Assets Control

The Office of Foreign Assets Control is responsible for administering the Treasury Department's freezing controls under section 5(b) of the Trading with the Enemy Act. The controls under the Foreign Assets Control Regulations with respect to trade and financial transactions with, and assets in the United States of, Communist China, North Korea, North Vietnam and their nationals were continued during the 1966 fiscal year. The prohibitions under the regulations relating to the purchase and importation of Communist Chinese, North Korean, and North Vietnamese merchandise and the procedures for specified commodities of types principally imported from mainland China prior to the regulations also remained relatively unchanged.

The Cuban Assets Control Regulations were also continued. These regulations were issued under section 5(b) of the Trading with the Enemy Act and also under section 620(a) of the Foreign Assistance Act of 1961. They apply to Cuba and nationals thereof and are of the same nature as the controls applied to China, North Korea, and North Vietnam under the Foreign Assets Control Regulations. That is, they block all Cuban assets in the United States and prohibit all unlicensed financial and commercial transactions by Americans with Cuba or nationals thereof.

The Office of Foreign Assets Control also administers the Transaction Control Regulations which supplement the export controls exercised by the Department of Commerce over direct exports from the United States to Eastern Europe and the U.S.S.R. The Transaction Control Regulations prohibit, unless licensed, any person within the United States from purchasing or selling or arranging the purchase or sale of internationally controlled strategic commodities located outside the United States for ultimate delivery to Eastern Europe and the U.S.S.R. As in the case of both the Foreign Assets and Cuban Assets Control Regulations, the prohibitions apply not only to domestic American companies but also to foreign firms owned or controlled by persons within the United States.

During fiscal 1966, the administration of assets remaining blocked under the World War II Foreign Funds Control Regulations were transferred to the Office of Foreign Assets Control from the Department of Justice. These regulations, also issued under section 5(b) of the Trading with the Enemy Act, still apply to assets blocked under Executive Order 8389 of Hungary, Czechoslovakia, Estonia, Latvia, Lithuania, East Germany and nationals thereof who were on January 1, 1945, in Hungary, or on December 7, 1945, in Czechoslovakia, Estonia, Latvia or Lithuania, or on December 31, 1946, in East Germany.

Internal Revenue Service¹

The Internal Revenue Service administers the internal revenue laws embodied in the Internal Revenue Code (title 26 U.S.C.) and certain other statutes, including the Federal Alcohol Administration Act (27 U.S.C. 201-212), the Liquor Enforcement Act of 1936 (18 U.S.C. 1261, 1262, 3615), and the Federal Firearms Act (15 U.S.C. 901-909). It is the mission of the Service to encourage and achieve the highest possible degree of voluntary compliance with the tax laws and regulations and to maintain the highest degree of public confidence in the integrity and efficiency of the Service.

Major management improvements

Concerted efforts throughout the Service to improve the efficiency of programs and operations resulted in tangible savings of \$14.4 million during fiscal 1966, well in excess of the goal of \$12.9 million established at the beginning of the year. Actions aimed toward improving efficiency and reducing costs are grouped for reporting

¹ Additional information will be found in the separate *Annual Report of the Commissioner of Internal Revenue*.

purposes under four broad categories. These categories, and the savings accruing in 1966 under each, are indicated below:

Category	1966 savings (in thousands)
Increased productivity and efficiency.....	\$3, 598
Substitution of less costly alternative.....	4, 547
Continuing management programs (incentive awards, reports, position management).....	4, 507
Special expenditure restrictions (canceled expenditures).....	1, 763
Total.....	14, 415

Major systems and procedural changes.—Among the changes made during fiscal 1966 to obtain maximum benefits from expenditures are the following: (1) Automatic data processing programs are used to identify income tax returns having characteristics that indicate audit potential. This computer identification of returns saved approximately 13 technical man-years, or \$102,000, in fiscal 1966, and further savings are expected in fiscal 1967 when the program is scheduled to become operational nationwide. (2) A two-part "piggyback" mailing label was distributed with form 1040 individual income tax returns and form 1120 corporation income tax returns this year. The mailing labels bear the taxpayer's name, address, and account number as shown on the ADP master file. If the taxpayer does not use the form sent him, he is requested to remove the top label and affix it to the return he does use. Experience this year in two regions indicates a 51-percent usage of the label, which contributed to faster and more accurate processing of returns and substantial manpower savings. (3) A sliding-scale, optional-use automobile travel plan was developed to give high-mileage Service drivers the option of driving a General Services Administration car, or their own car at reimbursement rates which approximate the rates for GSA cars. Savings this year through this plan amounted to \$674,000. (4) The option of filing returns claiming refunds direct with the service center, which was tried in the southeast region in fiscal 1965, was extended to the mid-Atlantic region in 1966. Over 80 percent of the overpayment returns in each region were directed by taxpayers to the service center, eliminating the need for the Service to sort, pack, and ship these returns from district offices to service centers. Savings to the Government in fiscal 1966 were estimated at \$113,000. The option will be extended to additional regions in fiscal 1967.

Organizational structure.—Several changes were made in location or function of Service offices during the year, of which the following are examples:

The IRS Data Center, located at Detroit, Mich., commenced operations as planned on January 1, 1966. The center performs ADP operations of the Service which are not directly related to the processing of tax returns and related documents.

Alcohol and tobacco tax branch offices located at Buffalo, N.Y.; Charleston, W. Va.; Omaha, Nebr.; and Milwaukee, Wis., were closed during fiscal 1966. It had been determined that neither the supervision of industry operations nor enforcement activities would be detrimentally affected by these changes.

The plan to consolidate local office collection force organizations into one or two central organizations for each district was continued

during the year. Over 80 such consolidations were made, resulting in savings of 86 man-years and \$590,000.

The Office of International Operations was given added functions during the year pertaining to: (1) Determining the amount of relief from economic double taxation, (2) functioning as international coordinator to the Assistant Commissioner (Compliance) in all matters in the international area, and (3) accumulating and analyzing data involving foreign tax laws for use in treaty matters and other aspects of international transactions affecting U.S. taxpayers. The Research, Tax Treaty, and Technical Services Division was established to administer the major portion of these functions.

Informing and assisting taxpayers

Our self-assessment system of taxation places on the taxpayer the primary responsibility for determination of his tax liability. The Service assists the individual in understanding his rights and responsibilities through a continuing program of taxpayer service. Under this program the Service publishes regulations, rulings, and tax guides covering specific tax situations, releases information through mass communications services, maintains convenient offices throughout the country staffed with taxpayer assistants to provide individual assistance, furnishes tax materials and speakers to schools and other groups, and distributes tax forms and instructions to all taxpayers.

Public information program.—The Tax Adjustment Act of 1966, as a result of its rapid enactment, early effective date, and impact on the millions of employees subject to income tax withholding, presented a major challenge to the Service's effort to keep the public informed. Instructions were provided almost overnight to approximately 4 million employers and 70 million employees, both directly and through mass media. Four million copies of a new employer's tax guide and over 2 million packages containing copies of employee's withholding exemption certificates and information for employees were distributed to employers about a month before the changeover to the new rates.

Wide exposure was obtained during the filing period through a dozen color TV spot announcements providing helpful hints on return preparation. Four-to-five-minute radio tapes similarly provided advice of general taxpayer interest. The Service also contributed technical assistance to the Columbia Broadcasting System's network audience-participation show of April 5, 1966, the "National Income Tax Test."

Taxpayer assistance program.—Almost 26 million taxpayers voluntarily sought assistance on tax matters this year. Approximately 16.6 million of the inquiries were made by telephone, while 9.1 million taxpayers visited Service offices.

In an effort to encourage telephone inquiries, which are more economical than walk-in inquiries, the Service tested a centralized telephone system that enabled a taxpayer to make a toll-free call to the district office from a distant point. Another test in some localities extending office hours to evenings and Saturdays was made to determine whether there was substantial taxpayer demand for service during such times. Results of these tests were being evaluated at the end of the fiscal year to determine whether these two systems

are economically sound ways of satisfying taxpayer needs for information and assistance.

Tax-return forms.—Twelve tax-return forms were eliminated in fiscal 1966, primarily as a result of the Excise Tax Reduction Act of 1965, and seven new forms were added. Emphasis has continued on improving the appearance and comprehensibility of existing forms, as well as on redesign of forms to better adapt them to optical scanning and use of collateral information in certifying items of income, deductions, and credits.

To assist individual taxpayers, tables showing State sales taxes and gasoline tax rates were included in the instructions for form 1040 this year. By combining tax computation tables, the number of tables in the instructions for form 1040 were reduced from five used last year to three.

Tax rulings.—Letter rulings are issued by the National Office in response to inquiries from individuals and organizations on tax consequences of proposed transactions. During the year, 27,672 requests for private letter rulings and 3,149 requests from field offices for technical advice were answered.

Regulations program.—Thirty-five final regulations, 7 temporary regulations, and 12 notices of proposed rulemaking, relating to matters other than alcohol and tobacco taxes, were published in the *Federal Register* this year. Seven Treasury Decisions, four notices of proposed rulemaking, and five final regulations pertaining to alcohol and tobacco tax administration were also published.

Six public hearings were held on the provisions of proposed regulations, and were attended by approximately 225 taxpayers or other interested persons.

Personnel

The personnel program continued to emphasize support for management objectives and the accomplishment of program objectives economically, efficiently, and with the fullest possible utilization of human resources. Further progress was made in the identification and selection of potential candidates for supervisory, managerial, and executive positions. The redeployment of employees whose jobs were affected by the conversion to automatic data processing continued smoothly, and similar redeployment techniques were applied to dislocation problems of other employees affected by organizational change. Substantial progress was also obtained in meeting equal opportunity objectives for the recruitment, placement, and promotion of women, minority groups, and the handicapped.

Executive selection and development.—In fiscal 1966, the executive selection and development program entered its second decade with the first woman trainee included among the 17 candidates selected from over 300 Federal career nominees. Selected individuals, chosen through competitions open to all qualified employees, receive broad training in Service functions and management techniques, and remain under continuing appraisal as they progress in developmental assignments. Since the program was initiated in 1955, 111 candidates and 31 incumbent executives have received training in the program. Most of these graduates are currently assigned to key executive

positions where their background training contributes materially to improving the operations and efficiency of the Service.

Equal employment opportunity.—Equal employment opportunity coordinators, designated for all regional, district, and service center offices, have been made responsible for monitoring equal employment plans and programs in their area. Seminars for supervisors on equal employment opportunity were held during the year in Washington, Little Rock, St. Louis, and Greensboro.

As of December 1965, there were 478 women in enforcement or technical positions with the Service, including such typical "men's" jobs as internal revenue agent, attorney, estate tax examiner, and revenue officer.

The Service continued its emphasis on placing the handicapped in positions they can successfully perform. Past successes stimulated increased efforts in recruiting at special schools for the handicapped and closer relationship with State and local rehabilitation agencies. Summer employment of young persons, and year-round employment of young people and disadvantaged individuals under the various war on poverty programs enables the Service to provide some 1,500 individuals a year with some kind of work-training assistance, while also providing the Service with a source of reliable workers, particularly during the summer months when many permanent employees desire their vacations.

Planned personnel redeployment.—One of the major personnel problems of the Service results from the gradual conversion from manual operations to automatic data processing. The carefully structured redeployment program has been based on the determination to retain and utilize the skills and abilities of affected personnel. Several actions have been required to accomplish this: (1) Plans to identify and utilize employees affected by each change are made a part of initial planning; (2) full advance information is given to employees and employee groups concerning forthcoming changes; (3) intensive placement and training programs are developed to open up new employment opportunities for employees whose prior jobs are changed or abolished; and (4) special personnel procedures and techniques, developed jointly with the Civil Service Commission, are used to provide increased flexibility in appointments, details, and reassignments to other positions.

During fiscal 1966, approximately 2,400 manual processing employees were redeployed out of affected positions. Since the conversion started, some 7,700 employees have been redeployed from the original returns processing and accounting workforce of 12,000, without resorting to involuntary separation or transfer in a single instance.

Training

Experience has demonstrated that one of the best ways to improve internal operations, managerial efficiency, and the quality of service offered to the public is to train employees thoroughly in necessary skills. The training program of the Service provides training at all stages of employee development, from newly hired revenue agents to Service executives. The training program also extends to the preparation of instructional material for the use of schools, industry,

and other groups to assist them in tax training programs; to providing taxpayer assistance institutes for tax practitioners and nontechnical tax assistants at local offices throughout the country; and through the Agency for International Development, to assisting foreign governments in developing training programs to meet their country's special requirements.

Several new training programs were conducted during the year to improve taxpayer service through better oral and written communications. Special training in the interpretative aspect of tax law was given to employees who assist taxpayers or answer taxpayer inquiries. This training is designed to help employees respond to taxpayer inquiries in nonlegal terms, thus helping the taxpayer in determining how the various taxes apply in his specific case. Communications training was conducted for Service employees who meet and hold conferences with taxpayers or their counsel in appeals cases. A completely new writing improvement course was developed for Service-wide use, and telephone courtesy training was continued during the year.

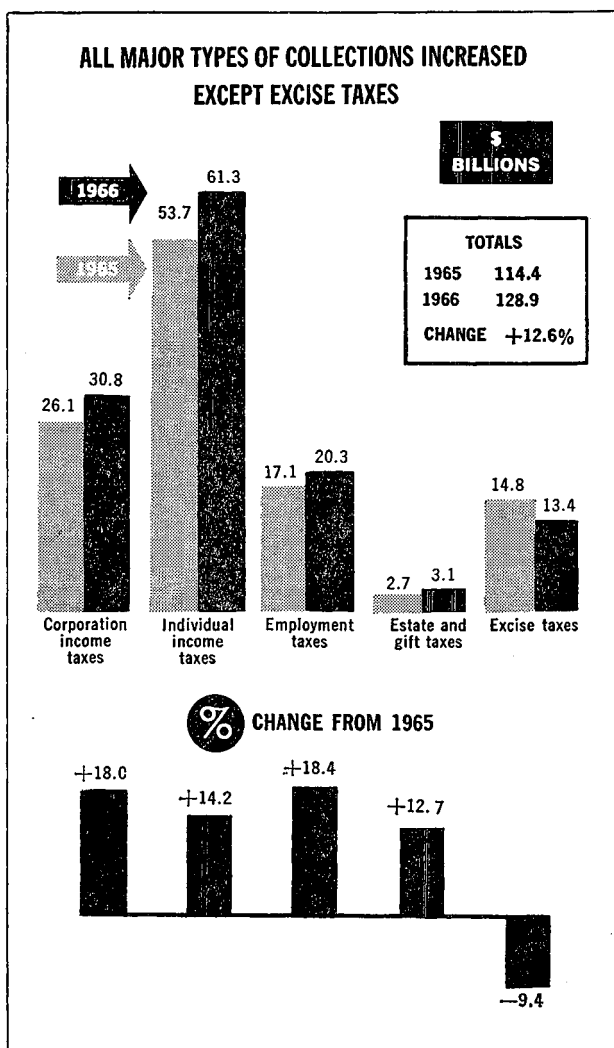
Internal revenue collections and refunds

Gross collections.—Internal revenue collections rose sharply to \$128.9 billion in fiscal 1966, an increase of \$14.4 billion over 1965 collections. This increase was the third largest in history, exceeded only by the increases of 1944 and 1952. There appear to be several causes for the increase, including the high level of business activity and personal income, the expansion of the population, and changes in the Federal Insurance Contributions Act (FICA) tax withholding rate.

Individual income tax accounts for about half of total gross Federal tax collections. The \$61.3 billion collected in individual payments (including amounts withheld from wages as well as the amount paid with regular and estimated tax returns) is an increase of \$7.6 billion over fiscal 1965 payments, in spite of the reduced tax rates on 1965 income which were established by the Revenue Act of 1964.

Corporation income tax, which is the second largest source of tax revenue, increased by \$4.7 billion to \$30.8 billion in fiscal 1966. Excise tax collections declined by \$1.4 billion to \$13.4 billion, reflecting the results of the Excise Tax Reduction Act of 1965 and the Tax Adjustment Act of 1966.

Gross collections by principal types of tax are compared for fiscal years 1965 and 1966 in the accompanying chart. See table 21 for collections from 1936-66 by detailed categories.



Refunds.—The total amount of refunds paid in fiscal 1966, including both principal and interest, was \$7.3 billion, compared with \$6.1 billion in fiscal 1965. This increase in refunds reflects a return to a more normal pattern than had existed in fiscal 1965, when refunds were unusually low due to a greater reduction in withholding rate than in tax rate for part of calendar year 1965. Refunds of excise taxes increased significantly in fiscal 1966, primarily due to the effects of the Excise Tax Reduction Act of 1965. Excise tax refunds were \$338 million, an increase of \$114 million over fiscal 1965.

Receipt and processing of returns

Number of returns filed.—A total of 104.1 million tax returns of all types was filed in fiscal 1966, 1.6 million more than last year. Increases of 3.0 million income tax returns and 0.2 million employment, estate, and gift tax returns were partially offset by a decrease of 1.6 million excise tax returns. Individual income tax returns increased by 2.7 million, to 68.6 million, while corporation returns increased by 82,000, to 1.5 million.

Automatic data processing.—Further steps were taken in fiscal 1966 toward completing the Service's basic plan for an integrated ADP system. At the beginning of the year, the system was operational nationwide for business tax returns, and two of the seven Internal Revenue Service regions were operating under the system for individual tax returns. During the year, automatic data processing of individual tax returns was put into effect in the southwest, central, and western regions, excluding taxpayers filing their returns in Michigan and California.

Expanded coverage for individual tax returns under automatic data processing, together with the growth in the number of taxpayers, resulted in an increase in the number of accounts on the individual master file to 36.9 million at the close of fiscal 1966. This was an increase of 19.1 million accounts during the year. Over the same period, the number of business master file accounts increased from 5.0 million accounts last year to 5.7 million accounts at the close of fiscal 1966. Almost 36 million individual income tax returns were posted to individual master file accounts during the year, for a coverage of over 46 percent of the 76.1 million individual returns and declarations of estimated tax filed.

Enforcement activities

The enforcement activities of the Service are directed toward assuring that each individual pays the amount of taxes due under law, and that neither unintentional error nor willful intent shall result in overpayment or underpayment of tax. Enforcement activities range from mathematical verification of returns to investigations of tax fraud, and necessary actions to secure prosecutions of violators when warranted.

Examination of returns.—As planned, the number of examinations made in fiscal 1966 was approximately the same as last year—3.5 million returns. Within the examination program, planned shifts toward the examination of more complex returns are in progress.

Additional taxes and penalties recommended increased for the fourth consecutive year. The \$3,139 million recommended is \$410 million over the previous high of \$2,729 million in fiscal 1965. Large increases occurred in the corporation tax area (24 percent higher than in fiscal 1965, to \$1,562 million), and the estate tax area (33 percent higher than in fiscal 1965, to \$368 million). There was a 1-percent decline to \$1,050 million from fiscal 1965 recommendations in the individual and fiduciary tax area. The decline in this area was attributable in part to the Tax Reduction Act of 1964.

Examinations for possible tax abuses in the tax-exempt organization area were continued in fiscal 1966. Returns examined increased by 7.5 percent, to 13,331. Revocation of the tax-exempt status of 232

organizations was recommended during the year. The exempt organization master file, set up in previous years utilizing data processing techniques, was expanded to include records pertaining to trusts established under pension plans.

In fiscal 1966, district audit personnel uncovered overstatements of tax liabilities amounting to \$154.5 million, exclusive of claims for refund.

Claims for refund closed by district audit divisions reached 433,507 in fiscal 1966, a 12-percent increase over last year. The number of excise tax claims increased 84 percent over 1965, to 27,236 claims. The Excise Tax Reduction Act of 1965, which provided for floor stock and consumer refunds, was responsible for a substantial portion of this increase.

Mathematical verification.—Returns received during the year are verified to determine whether the mathematical calculations made by the taxpayer are correct, and to make any required changes. Taxpayers err more often in their favor than in the Government's, and the average size of the errors made in the taxpayer's favor exceed the average error in the Government's favor; as a result, a substantial amount of revenue is gained through the mathematical verification procedure.

In fiscal 1966, nearly 65 million individual income tax returns were mathematically verified. Net yield, which is the difference between taxpayer errors increasing revenue and errors decreasing revenue, amounted to \$104.3 million, an increase of \$4.4 million over fiscal 1965. Part of this increase resulted from steps taken this year to clarify use of the minimum standard deduction tax table. This table had been widely misinterpreted last year, which resulted in a greater than normal number of taxpayer errors in favor of the Government.

Delinquent returns.—The 966,000 delinquent returns secured during fiscal 1966 represented \$246.7 million in previously unreported taxes, including interest and penalties. The bulk of these, 912,000 returns representing \$202.7 million, were secured through the established delinquent returns program. The additional 54,000 returns, representing \$44.0 million, were secured by district audit divisions incidental to the examination of returns.

Summary of additional tax from direct enforcement.—The table below provides a detailed comparison of additional tax assessments from direct enforcement during the last 2 fiscal years.

Sources	In thousands of dollars	
	1965	1966
Additional tax, interest, and penalties resulting from examination.....	2, 151, 187	2, 427, 329
Increases in individual income tax resulting from mathematical verification..	194, 086	186, 244
National identity file ¹	3, 374	2, 548
Tax, interest, and penalties on delinquent returns.....	281, 278	246, 696
Total additional tax, interest, and penalties.....	2, 629, 925	2, 862, 817
Claims disallowed.....	278, 795	401, 122

¹ An interim computer procedure established in regions processing individual income tax returns to identify taxpayers filing more than 1 return. When the individual master file is operative nationwide this procedure will no longer be necessary.

Tax fraud investigations, indictments, and convictions.—A total of 3,772 full-scale investigations were completed during the year, which included 1,349 cases conducted under the organized crime drive. Prosecution was recommended in 2,418 cases, of which 1,170 were organized crime drive cases. A total of 10,436 preliminary investigations were made during the year.

Indictments against 1,660 defendants in tax fraud cases were returned. In cases reaching the courts 1,147 defendants entered pleas of guilty or *nolo contendere*, 177 were convicted after trial, 66 were acquitted, and cases against 226 defendants were nol-prossed or dismissed during the fiscal year.

Alcohol and tobacco tax administration.—The enforcement effort in illicit liquor continues to be concentrated in the Southeastern States, where moonshine activity is a historical problem. To combat this entrenched activity, a special program known as Operation Dry-Up is being conducted in two States. The program has been used successfully in one Southern State for the past 3 years, and was extended to a second State early in fiscal 1966.

Among the features of Operation Dry-Up are a strong public information program presenting the hazards of drinking moonshine whisky; coordination of effort by local, State, and Federal enforcement officers and prosecutors; and concentrated effort on the location and destruction of illicit distilleries. The success of this program in the first State where it was applied is attested to by increased sales of legal, taxpaid alcoholic beverages and virtual elimination of large-scale illicit distilling operations in that State. Encouraging indications are already being received from operation of the program in the second State.

In fiscal 1966, violations in the seven Southeastern States led to 82 percent of all illicit distillery seizures, 93 percent of all mash seized, and 70 percent of all arrests. The following table provides data on seizures and arrests during the last 6 fiscal years.

Fiscal year	Number of stills seized	Gallons of mash seized	Arrests for liquor law violations
1961.....	6,826	3,669,500	8,983
1962.....	6,886	3,424,500	8,726
1963.....	6,213	3,092,600	8,153
1964.....	6,837	3,123,800	7,897
1965.....	7,432	3,637,900	7,171
1966.....	7,685	3,664,900	6,629

During fiscal 1966, distilled spirits plants requiring on-premises supervision produced 889 million tax gallons of distilled spirits. This production required the application of 395 man-years to on-premises supervision. In fiscal 1957, 650 million tax gallons of distilled spirits were produced, and 728 man-years were applied to on-premises supervision. The dramatic reduction in man-years devoted to on-premises supervision in the face of rising production from fiscal 1957 to fiscal 1966 has been achieved through simplifications in plant control concepts and advances in control equipment which permit accurate control of operations without the immediate presence of an inspector.

Firearms law enforcement.—Investigations of violations of the National and Federal Firearms Acts in fiscal 1966 resulted in 466 criminal cases, 251 arrests, and seizures of 87 vehicles and 839 firearms. Comparable fiscal 1965 figures were 394 cases, 254 arrests, and the seizure of 94 vehicles and 4,050 firearms. The decline in the number of firearms seized results primarily from a large seizure which was made in the southwest region in fiscal 1965.

Under a program begun in the fall of 1965, 13,783 inspections were conducted in fiscal 1966 of persons and businesses holding Federal Firearms Act licenses.

Collection of past-due accounts.—Almost 3 million accounts became past due in fiscal 1966, an increase of 24 percent over the number of accounts established in 1965. The increase in the number of accounts was brought about by two factors: (1) A new procedure which caused many accounts that normally would have been established in the last month of fiscal 1965 to instead be established in the first month of this fiscal year, and (2) a new program which accelerated the establishment of certain accounts, so that these were established in May and June 1966, rather than in July.

The amount involved in past-due accounts established was \$1,742 million, an increase of 12 percent over last year. Dollar amounts increased less than number of accounts due to the distorting influence of several unusually large accounts established in fiscal 1965.

Inventory of past-due accounts at the close of fiscal 1966 was 764,000, compared to last year's historic low of 530,000 accounts. The rise resulted primarily from the establishment of almost 200,000 accounts in the last 2 months of the fiscal year which, under prior procedures, would not have been established until fiscal 1967. Total taxes due in accounts pending at the end of the year amounted to \$1,212 million, a moderate 2.6-percent increase from the year before.

Considerable attention was given during the year to making the fullest use of automatic data processing capabilities in the management of past-due accounts. ADP has enabled the Service to expand its program for prompt collection of underpaid liabilities and dishonored check cases, made possible the early establishment of past-due accounts for taxpayers with outstanding liabilities, and helped to deduct from refunds due a taxpayer amounts the taxpayer may owe in another type of tax or from another year. With respect to the latter, in fiscal 1966 the system was expanded in two regions to cover non-master-file accounts which went into a past-due status. As a result, offsets against ADP refunds were made in 21,367 cases and revenue totaling \$1.4 million was realized. Many of these cases had previously been classified as uncollectible.

Appeals and civil litigation.—The number of income, estate, and gift tax cases referred to regional appellate divisions by district audit divisions increased a nominal 4 percent in fiscal 1966. As expected, there was a substantial increase in case disposals, 20 percent higher than in 1965, enabling the Service to keep the case inventory in a current condition. The number of cases on hand on June 30, 1966, was 7 percent over the closing inventory last year. Petitions were filed with the Tax Court in 7,013 cases.

Section 6405 of the Internal Revenue Code of 1954 requires a report to the Joint Committee on Internal Revenue Taxation of all refunds and credits of income, war profits, excess profits, estate, and gift tax in excess of \$100,000. New procedures were put in effect this year for handling these reports, with the goals of reducing interest costs through more expeditious processing. The changes made resulted in some cases bypassing the review stage while older cases were cleared from former review echelons, with a resultant large increase in the number of cases reported to the joint committee this year. A total of 947 cases involving overassessments of \$492.2 million was reported to the committee this year, compared to 540 cases involving \$333.3 million in fiscal 1965.

Civil cases in the trial courts were won or partially won by the Government during fiscal 1966 as follows: in the Tax Court, 82 percent; in the Court of Claims, 71 percent; and in the U.S. district courts, 65 percent.

The Supreme Court rendered decisions in six refund suits during the year. The Government's position was sustained in four of the decisions. The Supreme Court also decided three cases originating in the Tax Court against the Commissioner, and remanded a fourth case after enactment of legislation which provided special relief for the taxpayers.

The Government won, in whole or in part, 311 of the 373 decisions rendered by the circuit courts of appeal in civil tax cases exclusive of collection litigation and alcohol and tobacco tax legal matters.

International activities

Service operations in the international area involve administration of tax laws as they apply to U.S. citizens residing abroad and non-resident aliens and foreign corporations receiving income from U.S. sources, participation in the negotiation of tax conventions with foreign countries, and provision of requested technical assistance in tax administration to developing countries.

International operations.—In fiscal 1966, 457,634 returns were filed with the Office of International Operations, an increase of 2,917 over fiscal 1965. In addition to action required in receiving and processing these returns and collecting or refunding tax, there was a full range of audit activity in which approximately 20,000 returns were examined. These examinations involved many complex problems pertaining to international taxation.

The complexities of international provisions of tax laws and the special treatment of tax under particular tax treaties leads to a greater proportion of requests for taxpayer assistance from the taxpayers involved than is true for domestic returns. Oversea posts, to handle all Service matters in the area, including taxpayer assistance, are now established in nine locations. Posts at Rome and Tokyo were activated this year, while posts at Paris, London, Ottawa, Mexico City, Sao Paulo, Manila, and Bonn were established in prior years. Additional oversea taxpayer assistance was provided by teams of Service employees who visited 118 cities in 51 countries, plus Guam and the Canal Zone, to assist U.S. citizens residing abroad during the tax filing period.

Tax conventions.—Eleven negotiations were held with seven countries during the year regarding income tax conventions. These negotiations were directed to the conclusion of four new conventions, two protocols supplementing existing conventions, and one convention replacing a convention currently in existence.

Foreign tax assistance.—Two new long-range tax assistance teams were assigned in fiscal 1966 to help officials of foreign governments in modern tax administration matters. The new teams are located in Argentina and Honduras. These new teams bring the total number to 19. Teams established in prior years are located in Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, India, Nicaragua, Panama, Paraguay, Peru, the Philippines, South Korea, and Uruguay. In addition, an agreement was reached to establish a regional office for Central America and Panama.

A 3-week Inter-American Seminar for Directors-General of Taxation was held in Washington in the spring of 1966. Participation included 27 of the principal tax administrators from 17 countries. This was the first opportunity for these top level officials to meet and work together. As a result of this seminar, plans were initiated to form a permanent association of the principal tax officials of the Western Hemisphere.

A regularly scheduled series of international tax training seminars and courses was started in fiscal 1966. The series covers the development, operation, and management of tax programs, and is conducted for officials and managers of tax agencies of developing countries. Most of the training this year was conducted in Spanish for the 128 individuals who attended. Further courses and seminars in French, English, and Spanish have been scheduled through 1970, while special courses are also to be given in Portuguese.

Planning activities

Planning activities of the Service are directed at both short- and long-range needs. The planning base is a comprehensive statistical reporting program, and the planning goal is a comprehensive multi-year plan reflecting Service objectives and resource requirements. In coordination with these planning activities, intensive research and systems development are engaged in to reduce costs and increase efficiency of Service operations.

Long-range planning.—The Service has been brought under the new planning-programing-budgeting (PPB) system which the President announced for use throughout the executive branch on August 25, 1965. The PPB system replaces the former long-range plan, which was initiated by the Service in 1959 and updated annually since that time.

The new system requires more extensive analysis of program objectives, performance, costs and benefits, and alternatives than had been required under the long-range plan. The new system is designed to: (1) Provide top management with more specific data relevant to broad decisions, (2) spell out in concrete terms the objectives of Service programs, (3) analyze and present for decision alternative programs and objectives, (4) compare program costs and benefits,

(5) produce total rather than partial cost estimates for programs, (6) present on a multiyear basis the prospective costs and accomplishments of programs, and (7) provide for a review of objectives and analysis of programs throughout the year.

Projections of the number of tax returns filed continue to be an important indicator for use in long-range planning. Current trends, not only in volume of returns filed, but also in U.S. population, labor force, and the economy, indicate that substantial future gains should be expected in the number of returns filed. The number filed during calendar year 1965 was approximately 102 million, an increase of over 13 million returns during the past 10 years. Recent long-range projections indicate that returns filed will reach 113 million by 1970 and will exceed 125 million by 1975.

Short-range operational planning.—Development of work plans for the year immediately ahead is based upon a detailed breakdown of program objectives and priorities from the planning-programing-budgeting system. Current goals, workloads, and performance measurements for the principal activities are provided by detailed work planning and control systems and by integrated reporting systems.

Following enactment of congressional appropriations, program plans for the coming year are put into final form. Resources to carry out the programs are then allocated to the various activities of the Services as part of the operating financial plan.

Current research program.—Studies relating to broadening and improving the coverage of the information reporting system and sample surveys of compliance in reporting specific types of income were undertaken during the year. Considerable work was also performed to assist Treasury in developing its legislative program and in comparing costs and benefits under varied tax proposals.

Several studies were conducted to improve integration of information document programs with the capabilities of the Service's ADP system. Prominent among these were studies designed to: (1) Determine changes required in dividend reporting to secure compatibility between data on income tax and information returns; (2) develop methods to achieve better compliance with requirements for reporting taxpayer identification number on information documents; (3) improve methods for matching information documents to tax returns; and (4) extend the information reporting system to cover amounts paid to recipients of agricultural program payments by the Department of Agriculture.

Sample studies were made to estimate the degree of taxpayer compliance in reporting specific types of income, including capital gains from the sale or exchange of corporate securities, interest from series E savings bonds, dividend and interest income shown on information returns, and wages from domestic employment.

Further development of the taxpayer compliance measurement program (TCMP), was made during fiscal year 1966. Additional benefits from the delinquent accounts study, reported on last year, are expected in 1967. Approximately 70,000 accounts will be processed under new master file processing controls, releasing about 70 man-years for other work. A new TCMP research project has been started to develop a more effective ADP procedure for selecting from

the 66 million individual returns filed annually those most urgently in need of examination. Two selection (discriminate function) formulas have been developed for selecting low-income single proprietor returns, and a field test has been installed to determine the effectiveness of these formulas. If present expectations are realized, this method of selection of returns would reduce the proportion of examined returns with no resulting change in tax liability, increase the average tax change resulting from audit, and substantially reduce the requirement for manual classification of returns.

Research engaged in by the Service contributed to the graduated rates for withholding of income taxes from wages, which were introduced as part of the Tax Adjustment Act of 1966. This system will bring withholding closely in line with actual tax due on wage income up to \$12,000 for single taxpayers and \$24,000 for married couples whose deductions are approximately 10 percent of income or who use the minimum standard deduction. The new withholding scale is expected to reduce overwithholding by \$800 million and underwithholding by \$1,105 million during the calendar year 1966. The number of taxpayers with "break-even" returns (with withholding within \$10 of liability) is expected to increase by over 90 percent, to 20.7 million. Further research and analysis was provided during the year on the administrative aspects of several possible future areas of tax legislation.

Systems development.—Major attention during fiscal 1966 was centered on projects relating to input preparation, a process which is the largest single item of cost in the Service's ADP operations. Work continued on improvement of management information systems and on conceptual development of a new ADP system capable of satisfying needs not met by the present system.

Analysis of a pilot magnetic tape reporting program was completed. Under this program, a small number of payers submitted calendar year 1964 forms W-2 and 1099 information on magnetic tape. The test proved that this form of information reporting was advantageous and led to the establishment of an operational tape reporting program beginning with payment information filed in calendar year 1966. Approximately 18 million forms W-2, 1099, and 1087 were filed on magnetic tape by payers under the new program, and this number is expected to double next year.

In a further effort to reduce time spent in preparing information for entry into the Service's ADP system, two projects involving the use of optical scanning equipment have been brought nearer realization during the year. The first of these involves documents prepared within the Service which can be typed or printed under controlled conditions. This control permits use of a relatively simple optical scanning device. Various equipment proposals have been received from manufacturers, and a pilot operation with the selected system was scheduled to start in September 1966. The second optical scanning requirement involves a system for processing an annual load of approximately 200 million information returns submitted in a variety of formats and typefaces. Sophisticated scanning equipment is required for this application. An invitation to manufacturers to bid on such a system was issued late in fiscal 1966. Pilot operation is contemplated to start in September 1967 providing that the selection of a supplier can be made.

A plan for a future ADP system study was developed during the year which specifically describes the approach to be taken in identifying information requirements and processing functions necessary to administer and enforce the tax laws and regulations. The study will consider Service needs which are not met under the existing system, and will permit a determination of the extent to which technological developments in the data processing and communications fields can contribute to meeting the overall objectives of the contemplated system. The first phase of the study, that of identifying and describing system objectives and data requirements, is planned for assignment to functional task forces in fiscal 1967.

Inspection activities

President Johnson in prescribing standards of ethical conduct for Government officers and employees, stated: "Whereas government is based on the consent of the governed, every citizen is entitled to have complete confidence in the integrity of his government. Every individual officer, employee, or adviser of government must help to earn and must honor that trust by his own integrity and conduct in all official actions."

An inspection function is performed within the Service to safeguard integrity, both internally and from attempts of persons outside to corrupt the Service. There are two primary areas of emphasis—internal audit and internal security. Close coordination of these two areas is effected in major investigations, such as those involving fraud on the revenue. The inspection function is vested in an Assistant Commissioner, who is responsible directly to the Commissioner.

Internal audit.—Internal audit is an integral part of the management control system which provides for the examination on a regular basis of all field organizations and activities of the Service. The internal audit program is concerned not only with the financial impact of matters disclosed by examinations, but also with any inherent procedural or internal control defects which resulted in conditions requiring corrective action.

Due to the nature of corrective action which may be taken, revenue or savings from actions taken as a result of internal audit activities cannot always be determined; however, an estimate can be derived for some items such as management's action on specific cases, interest and penalties not properly assessed, and accelerated collection actions. Results of these actions in fiscal 1966 are conservatively estimated at more than \$34 million.

Internal security.—Investigations made by the internal security staff are a prime means of insuring that high standards of integrity are maintained in the Service. During fiscal 1966, a total of 9,864 internal security investigations of all types were completed, a 12-percent increase over fiscal year 1965. These investigations covered a wide range of actions, including character and security investigations of new employees; allegations that employees had received bribes or that persons outside the Service had tendered bribes; charges of falsification of records; embezzlement or theft of Government funds or property; and related matters. In addition to these investigations, police checks were made on 5,723 employees considered for short-term temporary appointments.

Bureau of the Mint ¹

The Bureau, with headquarters in Washington, D.C., operates four mints and assay offices which are located in Denver, Philadelphia, San Francisco, and New York City. Two bullion depositories, in Fort Knox, Ky., and West Point, N.Y., are maintained for the storage of values.

The principal function is the manufacture and distribution of all U.S. coins, and the redemption of uncurrent and mutilated coins withdrawn from circulation. As production schedules permit, foreign coins and coinage dies are manufactured on a reimbursable basis for other governments.

In addition to the coinage function, the mint receives deposits of gold and silver bullion in unrefined and refined forms for which payments, either in fine bars of gold or silver, or by check, are made on the basis of mint assays. Sources of deposits, both domestic and foreign, include individuals, private companies, central banks, other Government agencies, and international monetary institutions.

The mint melts and refines gold and silver, and also the platinum group metals; manufactures "good delivery" gold and silver bars for issue or storage; and disburses gold and silver bullion for authorized monetary and industrial purposes.

Related activities are the continuous safeguarding of the monetary metals and other values in custody, including coins in various processing stages until finished and released for circulation.

Medallic work comprises the production of national medals authorized by special acts of Congress, and medals and other distinguishing decorations for U.S. Government agencies.

The mint conducts metallurgical investigations, performs chemical and metallurgical analyses, and other technical services.

Domestic coinage

The mint completed a second successful year under the "crash coinage production program," initiated in July 1964.² The diversified measures of the program resulted in a new alltime peak record for the sixth consecutive fiscal year, and alleviated critical coin shortages in the United States. Not only was the rate of production on a scale never before achieved, but the output in 1966 was even more noteworthy because of the immense problems involved in the procurement of the multilayer metals, and their production into the new composite type subsidiary coins authorized by the Coinage Act of 1965 (Public Law 89-81, July 23, 1965³).

Since the two types of three-layer strip required for the new coins could not be processed on present mint equipment, it was necessary to procure it from private industry.⁴ The situation was further complicated by the fact that outside suppliers heretofore had not made clad materials in the tremendous quantities, and to the exacting specifications, required by the mint. Major efforts on the part of both Government and private concerns, however, enabled the Treasury

¹ Additional information is contained in the separate *Annual Report of the Director of the Mint*.

² See 1965 annual report, p. 132.

³ See 1965 annual report exhibit 23, p. 316.

⁴ See exhibit 77.

to announce on July 28, 1965, the signing of the initial procurement contracts commencing the following week.

Production of the first composite coins in the 25-cent denomination commenced at the Philadelphia Mint on August 23, 1965, exactly 1 month after President Johnson signed the Coinage Act. The quantity struck in September and October was adequate for public distribution to begin on November 1, 1965. Production of subsidiary coins of 900 fineness was phased out in each denomination at each mint as sufficient quantities of clad strip became available. Philadelphia coined the first clad dimes on December 6. On December 30, Denver struck the first clad half dollars. However, these coins were delivered on January 3, 1966, to the mint's cash and deposits division where all production is accounted for and, therefore, were credited in the January 1966 production. The clad coins were the first to bear the date "1965."¹ By the end of June 1966, a total of 3,324.8 million clad coins had been produced in the three denominations.

For some time the San Francisco Assay Office had performed limited minting operations, consisting of the blanking, annealing, cleaning, and upsetting of bronze and cupronickel planchets for final stamping at Denver. The Coinage Act of 1965 authorized the use of that institution for full-scale minting operations. From September 1965 through June 1966 over one-half billion finished coins were manufactured at San Francisco.

Total production of subsidiary and minor coins at Philadelphia, Denver, and San Francisco in 1966 amounted to 8,686.5 million pieces, a 20-percent increase over the 1965 output of 7,241.8 million pieces. The quantity of metals processed into the 8,686.5 million coins amounted to 38,298 short tons, compared with 31,900 tons in 1965. Subsidiary coins accounted for 55.6 percent of the total output, including 17.3 percent in silver of 900 fineness and 38.3 percent, the new composites; the 1- and 5-cent pieces made up the other 44.4 percent. The proportion of higher denominations exceeded the previous year, and the face value of 1966 production was \$968 million, compared with \$496 million in 1965.

¹ The 1-cent and 5-cent denominations, the first minor coins to bear the "1965" date, were struck on Dec. 29, 1965. (See also the 1965 annual report, pp. 133 and 318.)

Production of U.S. coins, fiscal year 1966¹

Denomination	Number of pieces	Face value	Gross weight	Metallic composition
	In millions		Short tons	
1-cent pieces.....	2,804.9	\$28.0	9,616	95 percent copper, 5 percent zinc. 75 percent copper, 25 percent nickel.
5-cent pieces.....	1,049.5	52.5	5,784	
Subtotal.....	3,854.4	80.5	15,400	
Dimes.....	941.6	94.1	2,595	90 percent silver, 10 percent copper. Outside cladding alloy 75 percent copper, 25 percent nickel; inner core pure copper.
Do.....	1,530.8	153.1	3,827	
Subtotal.....	2,472.4	247.2	6,422	
Quarter dollars.....	420.7	105.2	2,898	90 percent silver, 10 percent copper. Outside cladding alloy 75 percent copper, 25 percent nickel; inner core pure copper.
Do.....	1,737.0	434.3	10,857	
Subtotal.....	2,157.7	539.5	13,755	
Half dollars.....	145.1	72.6	2,000	90 percent silver, 10 percent copper. Composite, average silver content 40 percent. ²
Do.....	56.9	28.4	721	
Subtotal.....	202.0	101.0	2,721	
Total.....	8,686.5	968.2	³ 38,298	

¹ Includes 2,350,000 special mint sets (11,750,000 coins with face value of \$2,138,500).

² Outside cladding alloy 80 percent silver, 20 percent copper; inner core 21 percent silver, 79 percent copper.

³ Includes 7,032 tons of silver, 28,116 tons of copper, 2,669 tons of nickel, and 481 tons of zinc. (Based on the standard gross weight of the coins.)

Foreign coinage

During February and March 1966, the U.S. Assay Office at San Francisco manufactured 7,440,000 coins for the Government of Panama. The denomination, Un Cuarto de Balboa (one-fourth balboa), is a composite-type coin which corresponds in size, weight, and composition to the U.S. clad quarter dollar. The outside cladding alloy of 75 percent copper and 25 percent nickel is bonded to a core of pure copper.

Issue and stock of coins

The mints issue newly manufactured coins for general circulation through facilities of the 12 Federal Reserve banks and their 24 branch banks, and the Office of the Treasurer of the United States in Washington, D.C. These centers deliver the coins to commercial banks for distribution to the public. In the 2 years intervening since the nationwide inquiry relative to the shortage of coins in circulation was begun,¹ the mint has shipped a total of 14.6 billion fractional coins into circulation through the 37 distribution centers. The five denominations issued are shown in the following table.

¹ Public hearings were held by the Legal and Monetary Affairs Subcommittee of the Committee on Government Operations, House of Representatives, on June 30, July 1 and 2, 1964, Feb. 16 and 17, 1965, and Feb. 8, 1966.

Denomination	Issue of U.S. fractional coins ¹			
	Number of pieces (in millions)			Total face value (in millions)
	Fiscal year 1965	Fiscal year 1966	Total pieces	
1-cent pieces.....	3,717.2	2,786.5	6,503.7	\$65.0
5-cent pieces.....	1,578.0	829.1	2,407.1	120.4
Dimes.....	1,036.2	1,708.7	2,744.9	274.5
Quarter dollars.....	715.8	1,836.3	2,552.1	638.0
Half dollars.....	194.6	196.8	391.4	195.7
Total.....	7,241.8	7,357.4	14,599.2	1,203.6

¹ The initial distribution of clad coins authorized by Public Law 89-81, July 23, 1965, was as follows: November 1965, quarter dollars; March 1966, half dollars and dimes.

The total stock of coins in the United States, including coins held both within and outside the Treasury, is estimated monthly by the Office of the Director of the Mint. The stock at the close of fiscal years 1964, 1965, and 1966 is compared below.

Date	Stock of U.S. fractional coins ¹	
	Face value	Increase from June 30, 1964
	(In millions)	
June 30, 1964.....	\$2,737.1	-----
June 30, 1965.....	3,228.7	\$491.6
June 30, 1966.....	4,190.6	1,453.5

¹ In addition, the stock of standard silver dollars amounted to \$484.7 million during this period.

Gold activities

The receipts of gold at the mints and assay offices during 1966 amounted to \$138.1 million; issues totaled \$960.8 million; and transfers between the mint institutions were valued at \$1,257.6 million. The following table summarizes the sources of receipts, the disposition, and the total bullion held in custody at the Fort Knox Depository, the mints, and assay offices on June 30, 1965, and June 30, 1966.

Gold holdings and transactions (excluding intermint transfers) ¹	Quantity		Value at \$35 per ounce
	Short tons	Fine ounces	
		In millions	
Holdings on June 30, 1965 ²	13,374	390.1	\$13,652.9
Receipts in fiscal year 1966:			
Newly mined domestic gold.....	32	.9	32.4
Scrap gold from domestic sources.....	25	.7	25.5
Foreign and other miscellaneous deposits.....	78	2.3	80.2
Total receipts.....	135	3.9	138.1
Issues in fiscal year 1966:			
Sales for domestic industrial, professional, and artistic use.....	191	5.6	194.7
Exchanges for scrap gold.....	4	.1	4.6
Other monetary issues.....	746	21.7	761.5
Total issues.....	941	27.4	960.8
Holdings on June 30, 1966 ³	12,568	366.6	12,830.2

¹ Intermint transfers amounted to 35.9 million fine ounces (1,232 tons) valued at \$1,257.6 million in fiscal 1966.

² Excludes 8.0 million fine ounces (275 tons) of Treasury gold valued at \$281.1 million held in other depositories.

³ Excludes 17.3 million fine ounces (592 tons) of Treasury gold valued at \$604.1 million held in other depositories.

Silver activities

During fiscal 1966, the mints and assay offices received 3.2 million fine ounces of silver from various sources. Philadelphia, Denver, and San Francisco processed 204.9 million ounces of silver bullion into 1,564.2 million U.S. silver coins, compared with 274.5 million fine ounces (1,946.6 million silver coins) in 1965. Silver issued in exchange for silver certificates by the New York and San Francisco assay offices totaled 92.6 million ounces in 1966, compared with 165.1 million ounces in 1965. Sales and exchanges of silver for refined bars amounted to 7.1 million ounces in 1966 (8.2 million ounces in 1965). Holdings of bullion at the West Point Depository, the mints, and assay offices on June 30, 1966, amounted to 633.7 million ounces, a net decrease of 301.4 million ounces from holdings on June 30, 1965.

Silver bullion holdings and transactions (excluding intermint transfers)	Quantity	
	Fine ounces (in millions)	Short tons
Holdings on June 30, 1965 ¹	935.1	32,060.0
Receipts in fiscal year 1966:		
Deposits of bullion (newly mined domestic, foreign, secondary)	2.8	96.9
Recoinage bullion from melting uncurrent silver subsidiary coins	.3	9.4
Other miscellaneous receipts	.1	3.7
Total receipts	3.2	110.0
Issues in fiscal year 1966:		
Manufactured into U.S. subsidiary silver coins	196.5	6,736.5
Manufactured into U.S. composite silver half dollars	8.4	287.5
Subtotal	204.9	7,024.0
Bars issued in exchange for bullion deposits	2.0	69.0
Bars, crystals, etc., issued in exchange for silver certificates ²	92.6	3,174.3
Sales and other miscellaneous issues	5.1	175.5
Total issues	304.6	10,442.8
Holdings on June 30, 1966 ¹	633.7	21,727.2

¹ Does not include Treasury silver held by other agencies of the U.S. Government amounting to 64.7 million fine ounces (2,220 tons).

² Issued pursuant to Instructions of Secretary of the Treasury, July 22, 1963, as provided under sec. 2 of the act of June 4, 1963 (31 U.S.C. 405a-1).

Monetary assets and liabilities

The total monetary assets and liabilities of the mints, assay offices, and bullion depositories at the close of fiscal years 1965 and 1966 are shown in the following statement.

Item	In millions	
	June 30, 1965	June 30, 1966
ASSETS		
Gold bullion	\$13,652.9	\$12,830.3
Silver bullion	1,202.5	803.5
Subsidiary coin	.1	158.0
Minor coin	(1)	11.1
Minor coinage metal	11.0	
Coinage metal ²		160.9
All other	(1)	(1)
Total assets	14,866.5	13,963.8
LIABILITIES		
Bullion fund	14,855.5	13,802.6
Coinage metal fund ²	2.6	159.0
All other	8.4	2.2
Total liabilities	14,866.5	13,963.8

¹ Less than \$100,000.

² Public Law 89-81, July 23, 1965 (see 1965 annual report, p. 319).

Revenue deposited into the general fund of the Treasury

The Bureau of the Mint deposited \$655.5 million into the general fund of the Treasury in 1966, exceeding the 1965 total by \$541.2 million. Ninety-eight percent of the amount deposited represented seigniorage derived from the 8.7 billion U.S. coins manufactured during fiscal 1966. The following table compares the fiscal years 1965 and 1966.

Revenue deposited into the general fund of the Treasury	In millions	
	1965	1966
Seigniorage on coinage:		
Subsidiary silver coins	\$21.9	\$19.0
Minor coins	91.1	62.8
Cupronickel-clad coins		546.0
Silver-clad coins		15.2
Subtotal	113.0	643.0
All other	1.3	12.5
Total deposited	114.3	655.5
Increase		541.2

Gold and silver production and consumption in the United States

Statistics on the domestic refinery production and industrial consumption of gold and silver are compiled on a calendar year basis by the Office of the Director of the Mint.

Production data are based on the deposits of newly mined material received by U.S. mints and assay offices and privately owned refineries. The deposits are traced back through the various refining processes to determine the States where the ores were mined. South Dakota, location of the Nation's leading gold mine, the Homestake, provided 39 percent of the total. The combined output of three States, South Dakota, Utah, and Nevada, accounted for three-fourths of U.S. gold production in 1965. According to the U.S. Bureau of Mines, 54 percent of the total output was recovered from gold ores, 40 percent was a byproduct of base metal ores, and 6 percent came from placers.

In 1965, three-fourths of U.S. silver output came from three States, Idaho, Arizona, and Utah; Idaho accounted for 46 percent of the total. Approximately two-thirds of domestic silver was recovered as a byproduct or coproduct of ores mined chiefly for copper, lead, zinc, and gold according to the Bureau of Mines. Most of the remainder came from ores in which silver was the principal product.

The following table summarizes the refinery production of gold and silver for 1964 and 1965.

Calendar year	U.S. gold production			U.S. silver production		
	Number of producing States	Fine ounces	Value at \$35 per ounce	Number of producing States	Fine ounces	Value ¹
		In millions			In millions	
1965.....	15	1.7	\$58.6	24	39.0	\$50.5
1964.....	15	1.5	51.4	23	37.0	47.9
Increase.....		.2	7.2	1	2.0	2.6

¹ Valued at the price for refined silver in New York in 1964 and 1965. The quotation, \$1.293 per ounce 999/1000 fine is equivalent to \$1.29429 per fine ounce, the value at which the fine ounces in the table are computed.

Consumption data represent the net amount of gold and silver issued for industrial, professional, and artistic use by mint institutions,

private refiners, and dealers. Net issues are obtained by deducting from gross issues, the amount of gold and silver contained in secondary material (scrap) received by the same concerns during the year. Data for 1964 and 1965, as described above, are summarized in the following table.

Industrial consumption in the United States	Gold ¹		Silver ²	
	1964	1965	1964	1965
	Fine ounces (in millions)			
Total bullion issued by Government mints and assay offices, private refiners, and dealers.....	5.9	6.6	196.6	198.0
Secondary materials (scrap) received by the above.....	1.1	1.3	76.1	61.0
Net issues (industrial consumption).....	4.8	5.3	120.5	137.0

¹ Gold includes issues for jewelry, the arts, dental use, space, defense, and other miscellaneous.

² Silver includes issues for photographic film, plates, and sensitized photographic paper, silverware, jewelry, dental and medical use, mirrors, batteries, brazing alloys and solders, electrical and electronic uses, and other miscellaneous; does not include silver manufactured into coins, silver coinage scrap, or uncurrent silver coins withdrawn from circulation and returned to the mints for melting.

Bureau of Narcotics ¹

The Bureau of Narcotics administers Federal laws controlling narcotic drugs and marihuana and carries out the responsibilities of the Government under the international conventions and protocols relating to these drugs.

Bureau responsibility for regulating the legitimate supplies of narcotic drugs for medical and scientific purposes involves supervision of U.S. imports and exports of these drugs, and control of the manufacture and domestic trade in them to prevent diversion into illicit channels. Enforcement duties include apprehension of interstate and international violators of narcotic laws and cooperation with State and local law enforcement agencies. At the request of foreign police authorities, Bureau agents assist in mutually beneficial investigations of international narcotic traffickers. Further acceleration of the expanded program in cooperation with foreign countries notably reduced smuggling of narcotic drugs into the United States during the fiscal year 1966.

Cost reduction and management improvement

The study of feasibility of automating returns filed by legitimate manufacturers and wholesale dealers in narcotic drugs was completed. Because the Bureau lacks the resources needed to complete this project, Bureau and Department representatives are exploring the possibility of using equipment and personnel of another Treasury bureau to reduce costs and implement the project.

Draft legislation to allow the Secretary of the Treasury to establish a charge commensurate with the cost of printing official narcotic order forms was submitted to Congress and was referred to the House Ways and Means Committee. Favorable legislation would provide

¹ For further information see the separate Bureau of Narcotics report, *Traffic in Opium and Other Dangerous Drugs for the Year Ended December 31, 1965*.

increased revenue, more nearly adequate to pay for the costs of printing and distributing order forms.

The Bureau expects to save some \$35,000 from the current program by delaying the filling of an increasing number of personnel vacancies; by drastically reducing attendance at conferences; by eliminating unnecessary travel; and by eliminating some desirable but non-essential procurement. In addition, the increased data processing program, which originally was planned to be operational by early 1967 at an estimated cost including staffing of \$100,000, has been deferred by about 1 year.

Training

Emphasis on the Civil Service Commission interagency program of training was increased, with 45 persons participating in the program of basic and advanced training in professional, technical, managerial, and other skills. Bureau officials who attended the planning, programming, and budgeting seminars broadened their insight concerning current developments in administrative matters. Participation in this program is continuing.

The Bureau of Narcotics Training School conducted 7 sessions in Washington, as well as 1 each in San Francisco and Chicago, with a total attendance of 349 State and local law enforcement officers.

Bureau agents conducted a special 2-week course on the control of illicit traffic and the abuse of cocaine, heroin, and marihuana, in Spanish, for 19 Latin American officers, at the International Police Academy of the Agency for International Development, to help intensify the Bureau's program of close cooperation with Latin American countries. Bureau of Narcotics instructors also addressed senior police officers at AID's International Police Academy.

The Bureau conducted a special seminar in Philadelphia, Pa., for 110 administrators and security officers on college campuses. As a result of this pilot project the Bureau, in cooperation with the Food and Drug Administration and the National Association of Personnel Administrators, has begun the formulation of integrated regional programs for presentation to colleges and universities throughout the United States.

During the fiscal year Bureau officials addressed 591 groups consisting of some 43,000 persons in furtherance of the educational program.

A traveling exhibit relating to Bureau responsibilities was prepared and presented to the conventions of the National Association of Retail Druggists in Washington, D.C., and the American Pharmaceutical Association in Dallas, Tex., which were attended by more than 10,000 persons. Bureau agents discussed responsibilities for registrants and distributed literature to interested persons.

The Bureau participated in a United Nations narcotic control seminar in Tehran, Iran, concerning illicit narcotic traffic in that area.

The school staff lectured regularly before the U.S. Air Force Office of Special Investigations, the Federal Bureau of Investigation National Academy, and the Harvard School of Legal Medicine. They conducted seminars offering intensive training in narcotic law enforcement, one for 3 days in the southwest region at the University of Oklahoma Center for Continuing Education, and one for 4 days in the southeast region at the Center for Continuing Education at the

University of Georgia, with some 200 State and local police officers in attendance.

Enforcement activities

Investigations by Bureau agents of the international narcotic traffic which affects the United States continued on an intensive basis in cooperation with police authorities of many countries. Examples of exceptionally large or significant seizures are reported.

Several months of investigation coordinated with French Surete Nationale officers revealed the identity of an international organization which had been smuggling heroin into the United States. Further investigation by narcotic agents in New York City identified suspects and the location of a large shipment of heroin. Narcotic agents, assisted by customs agents and local police officers at Columbus, Ga., arrested a chief warrant officer in the U.S. Army, a courier for the organization, and seized 95 kilograms of heroin. Other suspects were arrested in New York City, Miami, Fla., and one by French authorities in Orleans, France. Six defendants were indicted and charged with violation of the Federal narcotic laws. French authorities, continuing the investigation, have made additional arrests in France.

Between 1956 and 1960 a group of persistent narcotic law violators had imported into the United States and distributed about 1,000 kilograms of heroin, using diplomats, airline employees, and seamen as couriers. In 1964, 12 persons were indicted in New York City and charged with conspiracy to violate the Federal narcotic laws. In July 1965, following a 7-week trial of six of the defendants, four were found guilty and were sentenced to prison terms ranging from 5 to 18 years each. Two defendants had criminal records of more than 20 years each.

A U.S. narcotic agent assisted French authorities in Paris and Marseille in an investigation of a well-known smuggling organization which resulted in the seizure of 7 kilograms of heroin. Following the arrest of three suspects in France, French customs officials arrested a seaman courier and seized 5 kilograms of heroin aboard a French vessel about to leave Le Havre, France, for Portugal and South America. The investigation continues with the prospect of additional arrests.

In a joint investigation narcotics and customs agents arrested a suspect on her arrival at Miami, Fla., from Bolivia in possession of 1 gram of cocaine and later seized more than 8 kilograms of cocaine from two unwitting couriers of the defendant. The defendant was sentenced to 3 years' imprisonment.

Bureau agents assisted Mexican Federal Judicial Police in locating and seizing about 1 ton of marihuana under cultivation in a mountainous area of Mexico; they also seized a large quantity of marihuana seeds and about 20 kilograms of prepared marihuana. Three defendants were arrested. Further evidence implicated the financial backer and distributor, who are being sought by Mexican authorities.

Another joint investigation by Bureau agents and Mexican authorities resulted in the seizure of about 3½ tons of marihuana, the largest seizure of marihuana on record. The arrests and seizure were effected on a remote mountain about 120 miles from Acapulco, Mexico, the last 25 miles of which were accessible only by foot. One defendant was wanted by Mexican authorities for murder.

Information obtained by narcotic agents in the United States enabled Mexican authorities to arrest an individual in Guadalajara, Mexico, as he delivered 2 kilograms of heroin to an undercover agent, and later to arrest another defendant and seize 3 kilograms of opium and a fully equipped heroin conversion laboratory in the latter's residence. This defendant admitted he had engaged in narcotic trafficking for 20 years, and supplied customers in Los Angeles, Chicago, and other U.S. cities.

In Lima, Peru, a U.S. narcotic agent assisted Peruvian authorities in an investigation which culminated with the arrest of five defendants and seizure of 3½ kilograms of cocaine, 7 kilograms of cocaine paste, as well as two clandestine laboratories.

Close cooperation of U.S. narcotic agents with enforcement authorities in Beirut, Lebanon, Aruba, Netherlands Antilles, and Puerto Rico led to the suppression of an international heroin smuggling ring from which 3 kilograms of heroin were seized. As a result, four defendants were arrested in Beirut and five intended recipients of the heroin were arrested in Aruba. About 7 months later another kilogram of heroin was seized from the supplier, who was also arrested. The investigation is continuing in cooperation with Puerto Rican and Lebanese authorities.

A Bureau agent assisted Turkish police officers at Afyon, Turkey, in an undercover investigation that led to the seizure of more than 196 kilograms of opium and the arrest of four defendants after a gun battle in an isolated area where the suspects had agreed to deliver the opium. The defendants are awaiting trial.

U.S. narcotic agents assisted authorities in Afyon Province, Turkey, in identifying a narcotics smuggler, whom they arrested in possession of more than 253 kilograms of opium.

A Bureau agent assisted Thai authorities at Bangkok, Thailand, in a 2-month investigation which ended in the seizure of over 55 kilograms of "999" brand morphine base and nearly 3 kilograms of pure heroin aboard a motor vessel in Bangkok harbor. The owner of the vessel as well as the intended receiver of these drugs at Hong Kong were arrested. Both defendants were awaiting judicial action at the end of the fiscal year.

Thai customs officials, assisted by a Bureau agent, arrested a well-known violator and seized more than 21 kilograms of morphine and over 181 kilograms of opium about to be loaded onto a ship destined for Hong Kong.

U.S. narcotic agents in Bangkok also assisted Thai authorities in an investigation resulting in the seizure of over 25 kilograms of "999" brand morphine base and the arrest of a well-known narcotic violator, who admitted having obtained morphine base from hill tribes of northern Thailand.

U.S. narcotic agents working with Thai authorities at Thonburi, Thailand, learned that a suspect trafficking in very large quantities of narcotic drugs was setting up a clandestine laboratory for manufacture of heroin. In June 1966 the Thai officers arrested the suspect, his wife, and daughter, and seized 2 kilograms 840 grams of heroin and one-half a kilogram of "999" brand morphine base, together with various equipment used for heroin conversion.

Thai authorities arrested several members of a smuggling ring and seized 1 ton of opium and 83 kilograms of morphine base. A U.S.

narcotic agent assisted in the investigation, which revealed that this organization had supplied a considerable quantity of drugs to buyers in Hong Kong and Singapore. Following several days of unfruitful round-the-clock surveillance, coordination of the investigation with the U.S. narcotic agent in Hong Kong led to the seizure of 440 kilograms of opium and 3 kilograms of morphine base aboard a small fishing boat near Hong Kong and the arrest of three suspects. Later the owner of the drugs was arrested at Bangkok.

An undercover narcotic agent in New York City seized 10 kilograms of smoking opium and arrested three defendants, one of whom admitted having obtained the opium from Singapore. Investigation of the source of supply continues.

A Bureau agent stationed in Singapore learned that 35 kilograms of prepared opium was concealed in a trap on a motor vessel proceeding from Singapore to New York. When the vessel arrived at New York, agents of the Bureau of Narcotics and the Bureau of Customs searched it and uncovered about 35 kilograms of opium, part of which was concealed in a trap as described by our agent in Singapore. Although no defendant could be identified, the owners of the vessel were fined more than \$30,000.

Korean health officers at Seoul, Korea, were assisted by a U.S. narcotic agent in an investigation which concluded with the arrest of four suspects and the seizure of 31,000 ampules, each containing 5 to 10 milligrams of methadone, along with laboratory equipment for the manufacture of methadone.

A trunk containing 25 kilograms of marihuana was intended for shipment from Los Angeles to New York City, but because of mislabeling in transit, was shipped by air freight to an employee of the Agency for International Development in Malagasy. The employee proved to be entirely innocent of the transaction. During some 7 months of investigation an undercover narcotic agent posed as an employee of the air freight company. As a result, both the sender and the intended recipient of the marihuana were identified and arrested, and 40 additional kilograms of marihuana was seized from the New York suspect.

During fiscal 1966 the Bureau seized a total of 210,240 grams of narcotic drugs, largely heroin, and 6,330,780 grams of bulk marihuana in the illicit traffic in the United States.

The accompanying table shows the number of violators of the narcotic laws reported by Federal narcotic enforcement officers.

Number of violators of the narcotic and marihuana laws prosecuted during the fiscal year 1966 with their dispositions and penalties

	Narcotic laws								Marihuana laws			
	Registered persons				Nonregistered persons				Nonregistered persons			
	Federal court		State court		Federal court		State court		Federal court		State court	
Convicted.....	2				735		281		161		110	
Acquitted.....					25		7		24		9	
Total.....	2				1,048				304			
	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months
Sentences imposed.....	10				3,543	8	893	1	427	6	186	6
Fines imposed.....					\$3,525		\$24,210		\$13,300		\$17,437	
	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months
Average sentence of imprisonment:												
1966.....	10				5	7	3	9	4	2	3	2
1965.....			4		5		3	3	4		4	1
Average fine per conviction:												
1966.....					\$5		\$86		\$130		\$159	
1965.....					277		26		100		14	

Control of manufacture and medical distribution

The Bureau issues permits for imports of the crude materials, for exports of finished drugs, and for the in-transit movement of narcotic drugs and preparations passing through the United States from one foreign country to another. It supervises the manufacture and distribution of narcotic medicines within the United States and has authority to license the growing of opium poppies to meet the medicinal needs of the country if and when their production might become necessary in the public interest.

The operational authority of the Bureau derives from the following statutes: 5 U.S.C. 258a, 282-282c; 18 U.S.C. 1401-1407; 21 U.S.C. 171-184a, 188-188n, 197-199, 501-517; 26 U.S.C. 4701-4762, 4771-4774, 7237, and 7607; 49 U.S.C. 781-788; 80 Stat. 222.

During fiscal 1966, 150,039 kilograms of raw opium were imported from India and Turkey and 233,202 kilograms of coca leaves were imported from Peru to meet medical requirements for opium derivatives and cocaine and to supply nonnarcotic coca flavoring extracts. The latter were obtained as a byproduct from the same leaves from which the cocaine was simultaneously extracted.

The quantity of narcotic drugs exported during 1966 increased to 1,411 kilograms 485 grams from 1,084 kilograms 856 grams exported during the previous year.

There were 2,453 thefts of narcotics, amounting to 122,643 grams, reported during 1966 from persons authorized to handle the drugs, compared with 2,194 thefts of 115,899 grams in 1965.

Approximately 383,721 persons were registered to engage in lawful narcotic and marihuana activities during fiscal 1966.

International control and cooperation

Opium, coca leaves, marihuana, and their more important derivatives have been controlled internationally by the terms of the Opium Conventions of 1912, 1925, and 1931. Under article II of the 1931 Convention and the international protocol of November 19, 1948, 13 secondary derivatives of opium and 60 synthetic drugs have been found by the World Health Organization to have addicting qualities similar to morphine or cocaine and have been brought under the controls provided by the treaties. For further details concerning international control and cooperation, see the 1963 annual report, page 156.

Cooperation with States, counties, and local authorities

Excellent cooperation among Federal, State, and local narcotic law enforcement agencies continued in free exchange of information, in coordinating the investigation and prosecution of minor violations and routine inspections by State and local authorities. The Bureau seminar for Pennsylvania college officials, as stated under "Training" above, motivated an interagency program on a regional basis throughout the country.

Drug addiction

The total number of active addicts recorded by the Bureau as of June 30, 1966, as reported by Federal, State, local and private agencies, was 56,984.

U.S. Coast Guard

The Coast Guard is responsible for enforcing or assisting in the enforcement of Federal laws on the high seas and waters subject to the jurisdiction of the United States. These laws govern navigation, shipping, and other maritime operations, and the related protection of life and property. The Service also coordinates and provides maritime search and rescue facilities for marine and air commerce and the Armed Forces. Other functions include promoting the safety of merchant vessels, conducting oceanographic research, furnishing icebreaking services, and developing, installing, maintaining, and operating aids to maritime navigation. The Coast Guard has a further responsibility for maintaining a state of readiness to function as a specialized service of the Navy in time of war or national emergency.

Management improvement

During the fiscal year 1966 the Coast Guard reported cost reduction and management improvement actions having estimated dollar-value benefits of \$18,312,000, bettering last year's record total by almost 15 percent.

Alleviating the pressure of an increasing workload were several management actions which brought significant manpower savings. For example, as the result of program reviews it was possible to re-allocate temporarily some 343 military billets to offset unbudgeted manpower requirements arising from deployment of Coast Guard patrol boats to Vietnam and to man icebreakers obtained from the Navy. A further manpower gain was realized by reallocating approximately 274 military and civilian positions to higher priority work. These billets were made available to many functional areas throughout the Service by better distribution of workload and more effective use of manpower and other resources. Another sizable gain in manpower resulted from reduction of the recruit training period from 12 weeks to 8 weeks. This enabled earlier assignment to operating units, thus relieving manpower shortages.

A study which led to a redistribution of the aids to navigation workload in the 12th Coast Guard District enabled the reassignment of a seagoing buoy tender to the 14th District where it was badly needed. This action provided an additional vessel without downgrading service to the public. During the fiscal year 1966 the Coast Guard also rehabilitated the icebreaker *Westwind* to extend its service life another 10 years, thus delaying the construction of its replacement. This action will lead to a cost avoidance estimated at about \$2,475,000, based on the relative amortized costs of the renovated *Westwind* and a new icebreaker. Another significant cost reduction, \$1,724,000, resulted from the decision to switch from a combination diesel and gas turbine (CODAG) propulsion plant to a less costly all-diesel unit for Coast Guard 210-foot medium endurance cutters.

Playing an important role in the management improvement effort were the 1,216 civilian suggestions received in fiscal year 1966—a 300-percent increase over the previous fiscal year—supplemented by a sizable number of improvement ideas submitted by military personnel. Public Law 89-198, approved September 22, 1965, which provides awards from appropriated funds for military suggestions,¹ was implemented by the Coast Guard in April 1966.

Coast Guard operations in Vietnam

By the close of fiscal year 1966, 26 Coast Guard 82-foot patrol boats had been assigned to assist the U.S. Navy in halting Communist infiltration by sea of men, weapons, and supplies to enemy forces operating in South Vietnam. During the fiscal year Coast Guard vessels detected 160,000 boats and inspected or searched 65,000 of them. Some 370 tons of war materials intended for Communist forces were captured or destroyed and Coast Guard units participated in about 90 firefights or gunfire support missions.

¹ See also exhibit 77.

Search and rescue

The Automated Merchant Vessel Reporting System (AMVER), expanded to include the Pacific Ocean area early in fiscal year 1966, is now plotting the movements of about 1,000 ships in the Atlantic and 700 in the Pacific each day. This computer-furnished information pinpoints ship locations in order to expedite assistance to vessels or aircraft in distress on the high seas. Some typical examples of Coast Guard assistance rendered during the fiscal year are summarized below.

Helicopter saves fishing vessel.—On June 11, 1966, the fishing vessel *Kathy C.* reported itself adrift and disabled 2 miles from Cape Kubugakli, Alaska. A Coast Guard helicopter, finding the vessel's attempts to anchor unsuccessful, took the vessel in tow until it was out of danger.

Medical services rendered by Coast Guard weather ship.—During May 1966, the U.S. Public Health Service doctor assigned to the USCGC *Winnebago*, on ocean station *Victor*, performed a successful appendectomy on a crewmember of that vessel and later performed a similar operation on a crewmember of the USS *Navasota* (AO-106) after a rendezvous at sea. This was followed by still another rendezvous with the Japanese vessel *Shoei Maru* to render medical assistance to a 17-year-old seaman whose foot had to be amputated.

Search for missing Air Force B-57.—On April 27, 1966, the Coast Guard Eastern Area commander began an air search for a missing Air Force B-57 aircraft reported overdue. A 2-day, large-scale, overwater search was coordinated by the Coast Guard with negative results.

Vessels assisted in wake of severe storm.—Coast Guard vessels of the 11th District came to the assistance of a number of disabled vessels on January 15 and 16, 1966, as winds of 30 to 50 knots hit the southern California coast. Assistance was rendered to six vessels aground, three disabled sailboats, three capsized vessels, and seven other distress cases were also handled. Playing a prominent role in one of these cases was a Coast Guard helicopter which evacuated the five-man crew of the vessel *Trilogy* which went aground and broke up on Santa Cruz Island.

SS "Lampsis" sinks in Atlantic.—On January 10, 1966, the SS *Lampsis*, 200 miles away from the Coast Guard's ocean station *Echo*, reported that it was sinking from large cracks in the hull. The USCGC *Androscooggin*, 4 hours away, arrived on the scene and placed a repair party aboard the *Lampsis* in a futile effort to save it. The vessel sank after its crew had been removed.

AMVER in action.—The SS *Monte Palomares*, endangered by a shifting cargo in mountainous seas, was 170 miles away from the Coast Guard's ocean station *Echo* when it sent out an SOS on January 10, 1966. The USCGC *Escanaba* proceeded to the scene as the Automated Merchant Vessel Reporting System (AMVER) immediately identified 25 vessels within 300 miles of the distressed vessel. Two Coast Guard and three Air Force long-range aircraft began a search for survivors as 11 merchant vessels closest to the distress area assisted in locating and rescuing 4 survivors. The *Escanaba* also rescued 2 survivors from a raft, but 31 persons were lost as the vessel sank.

A tabulation of search and rescue assistance for fiscal year 1966 follows.

Operations	Response by—			
	Aviation units	Ships	Shore units	Total
ASSISTANCE CALLS RESPONDED TO FOR				
Private vessels.....	2, 239	2, 583	21, 843	26, 665
Commercial fishing vessels.....	666	1, 339	3, 046	5, 051
Other commercial vessels.....	396	716	1, 807	2, 919
Government vessels.....	72	82	240	394
Private aircraft.....	251	52	207	510
Commercial aircraft.....	103	23	50	176
Military aircraft.....	349	71	79	499
Other aircraft.....	2	2	9	13
Personnel only.....	1, 305	431	2, 587	4, 323
Miscellaneous.....	648	383	1, 785	2, 816
Total.....	6, 031	5, 682	31, 653	43, 366
MAJOR TYPE OF ASSISTANCE RENDERED				
Located.....	1, 319	211	1, 271	2, 801
Refloated.....	34	135	2, 050	2, 219
Towed.....	272	2, 171	15, 697	18, 140
Aircraft escorted.....	288	4	30	322
Fueled or repaired.....	14	120	186	320
Medical.....	800	274	1, 534	2, 608
Personnel rescued.....	177	134	356	667
Searches.....	1, 161	597	2, 612	4, 370
Attempts to assist.....	1, 015	699	3, 246	4, 960
Other assistance.....	918	1, 271	4, 503	6, 692
Total.....	5, 998	5, 616	31, 485	43, 099
PERSONS INVOLVED IN ASSISTANCE CASES				
Lives saved.....	435	986	1, 208	2, 629
Medical assistance rendered.....	938	401	1, 908	3, 247
Otherwise assisted.....	14, 656	25, 781	79, 897	120, 334
Total assisted.....	16, 029	27, 168	83, 013	126, 210
VALUE OF PROPERTY INVOLVED INCLUDING CARGO				
Vessels.....				\$2, 499, 977, 100
Aircraft.....				1, 084, 070, 500
Miscellaneous.....				49, 203, 300
Total.....				3, 633, 250, 900

Marine inspection and allied safety measures

Based on Federal marine laws dating back to the 1840's, Coast Guard merchant marine technical personnel review the design plans of all commercial vessels covered by Government regulations, after which they are, at prescribed intervals, reinspected and recertified for their entire commercial lifespan or until they are no longer subject to U.S. law. Should a U.S. vessel undergo major alteration, the plans for those alterations require Coast Guard approval and the process starts once again. During the fiscal year 1966 Coast Guard involvement in safety evaluations of designs, on-scene observations, and ultimate safety inspections increased in relatively new areas, including the automatic control of vessel machinery plants; hydrofoils and ground effects machines (GEM's); mobile offshore drilling and servicing rigs; the MOHOLE Deep Crustal Research Platform project sponsored by the National Science Foundation; variations from the standard designs of merchant vessels to enable the transport of exotic chemical cargoes; and commercially operated submersibles. Tabu-

lated below are certain of the marine safety functions of the Coast Guard, comparing the workloads for fiscal years 1965 and 1966:

Inspection activities	Number		Gross tonnage	
	1965	1966	1965	1966
Vessels inspected for certification.....	5,343	4,734	11,765,913	11,519,942
Vessels reinspected.....	5,003	5,633	9,606,985	11,409,521
Drydock inspections.....	5,798	5,955	13,868,000	14,779,717
Equipment inspected at factory.....	1,128,917	1,131,884		
Miscellaneous vessel inspection.....	26,329	27,199		
Violations of navigation and inspection laws (administrative action completed).....	38,128	24,494		
Inspection of foreign vessels.....	1,428	1,544	13,982,117	14,887,164
Merchant vessel plans reviewed.....	40,641	37,685		
Structures inspected (Outer Continental Shelf Lands Act).....	52	123		

Investigations and recommendations.—An important part of the Coast Guard merchant marine safety program is the investigation of marine casualties to determine their causes and develop preventive measures when necessary. There were 4,610 marine casualties involving commercial vessels reported to and investigated by the Coast Guard during the fiscal year 1966, 2 of which were considered major and investigated by marine boards of investigation. These inquiries revealed that 202 lives were lost from vessel casualties such as collisions, groundings, foundering, etc., 175 from personal accidents, and 217 deaths were from miscellaneous causes, including natural deaths, etc. (The accident statistics for pleasure craft covered by the Federal Boating Act of 1958 (46 U.S.C. 527) are included in another part of this report.)

Except for the special case of the SS *Yarmouth Castle* described below, the most significant casualty investigated was the collision and fire involving the American tanker SS *Texaco Massachusetts* and the British tanker MV *Alva Cape* in Newark Bay, N.J., on June 16, 1966, costing 33 lives. The *Texaco Massachusetts* was in ballast and outbound with two tugs assisting while the *Alva Cape* loaded with naphtha was inbound aided by two tugs. Both tankers and assisting tugs suffered extensive fire damage. Later, the *Alva Cape*, while anchored in Gravesend Bay, N.Y., offloading the remains of her cargo of naphtha, suffered another fire and explosion on June 28, 1966, with the loss of four more lives. The vessel was subsequently towed to sea and sunk at the request of the owners.

The second investigation was the collision during fog of the American freighter SS *Arizona* and the Japanese tanker MV *Meiko Maru* in the vicinity of Oshima Island, Japan, on August 2, 1965, with the loss of 17 lives. The *Meiko Maru* was cut in two and capsized with only one crewmember surviving, while the *Arizona* suffered extensive bow damage.

SS Yarmouth Castle and its followup.—The U.S. Coast Guard, at the request of the Republic of Panama, convened a Marine Board of Investigation to inquire into the fire and sinking of the Panamanian-flag passenger vessel SS *Yarmouth Castle*. While en route from Miami, Fla., to Nassau, Bahamas, a fire in the forward staircase area rapidly spread and enveloped the amidship passenger section

and bridge area. After abandonment, the vessel capsized and sank with the loss of 3 known dead and 87 missing.

Immediately following the loss of the *Yarmouth Castle*, the United States pressed for international action. A special session of the Intergovernmental Maritime Consultative Organization (IMCO) to consider solely the problem of passenger-ship fire safety was convened. As viewed by the Coast Guard, amendments to the International Convention were necessary to cope with two major problems: (1) improving the fire safety of existing passenger ships, and (2) developing a new approach more closely resembling stringent U.S. regulations for the construction of new ships. Just before international consideration of the U.S. recommendations developed by the Coast Guard, the Norwegian-flag passenger vessel *Viking Princess* burned. This tragedy reinforced many of the U.S. arguments concerning fire safety standards. In May 1966 the Maritime Safety Committee (MSC) of IMCO proposed amendments for older ships, most of which are based on U.S. recommendations. If enacted, these would result in a considerable improvement in the fire safety of existing passenger ships. Further, the MSC instructed its subordinate body, the IMCO Subcommittee on Fire Protection, to study possible improvements in fire safety of new passenger ships and report its findings by December 1966. Coast Guard personnel are presently developing technical arguments for support of the U.S. views of what constitutes a "fire-safe" passenger ship.

Meetings, conferences, and publications.—During the fiscal year 1966, the Merchant Marine Council held four regular meetings, one public hearing, and an executive session supplemented by numerous meetings and discussions with interested parties to consider proposed regulations amending present requirements. The Coast Guard continued to distribute the publications *Pleasure Craft*, the *Recreational Boating Guide*, and the *Proceedings of the Merchant Marine Council*, intended to reduce the hazards of recreational boating and promoting safety of life at sea. The Coast Guard during 1966 was either directly or indirectly concerned with 17 international meetings held in London and Paris under the auspices of the Intergovernmental Maritime Consultative Organization (IMCO), a specialized agency of the United Nations that includes 62 member countries. Of considerable importance was the International Conference on Load Lines held under the auspices of IMCO in London, March 3–5, 1966. This conference produced a new International Convention on Load Lines that has been forwarded to member governments for ratification. The United States was represented by an 18-man delegation including 5 Coast Guard members, who were led by the Commandant, the official U.S. representative.

Merchant marine personnel.—The licensing and certificating of merchant marine personnel included the issuance of 76,340 documents during the fiscal year, while Coast Guard shipping commissioners processed 7,635 sets of shipping articles involving 449,796 individual transactions relating to the shipment and discharge of seamen.

Merchant marine investigating sections in major U.S. ports and merchant marine details in certain foreign ports investigated 17,737 cases involving police checks, casualties, negligence, incompetence, and misconduct. In 1,233 cases charges were preferred and hearings

held before civilian examiners. Security checks were made of 26,685 persons desiring employment on board merchant vessels.

Recreational boating

During calendar year 1965, 4,778 pleasure craft were reported as being involved in 3,740 boating accidents, leading to 1,360 fatalities and 927 personal injuries. Property damage amounted to \$4,742,800. Capsizing continued to cause most of the deaths and collisions account for the largest percentage of injuries. As in the past, fire or fuel explosion accidents were the primary cause of boating property damage.

There were 4,138,140 boats registered as of December 31, 1965, in accordance with approved numbering systems.

The boarding officer instructor indoctrination course, held annually at the Coast Guard Reserve Training Center, was attended by representatives from 11 States and Puerto Rico. In addition, Coast Guard districts offered boarding officer training programs which were participated in by 1,853 State and local law enforcement officials. Increased emphasis on public information and educational activities during slack boating periods has contributed to a greater public awareness of Federal boating safety requirements.

Law enforcement

Coast Guard patrols of the Florida Straits continued to receive high priority because of the exodus of Cuban refugees (5,000 leaving during the latter part of calendar year 1965), the enforcement of neutrality laws, and the presence of Soviet and Cuban fishing vessels.

The five established Coast Guard law enforcement patrols—assigned to strategic areas in both the Atlantic and Pacific Oceans—continued to enforce laws concerning fisheries conservation, neutrality, navigation, and territorial sovereignty.

Port security.—Waterborne commerce through U.S. ports has increased significantly during the past few years, causing an attendant growth in marine and port safety problems. For example, during one 6-month period there were 239 fires aboard waterfront facilities and vessels as well as 209 firefighting incidents involving dangerous cargoes. The Coast Guard spent 1,375 hours fighting fires during the first 6 months of fiscal year 1966.

The war in Vietnam has caused a considerable increase in workload in both the administrative and operational aspects of the Coast Guard port security function. Two Coast Guard explosive loading teams have been assigned to Vietnam at the request of the U.S. Navy to provide technical advice on port security matters. In the San Francisco port area—where about 37 percent of all cargo handled can be categorized as hazardous—there was an increase of 1,700,000 tons in the amount of cargo loaded during 1965. In Port Chicago, Calif., which handles only military explosives, there was a 500 percent increase in cargo handled over the previous year. This workload increase on the West Coast required a reassignment of Coast Guard specialists to that area.

The following table illustrates the workload in the major enforcement areas for fiscal year 1966.

Enforcement work	Number, 1966
Motorboats boarded.....	65,436
Waterfront facilities inspected.....	31,322
Anchorage patrols (hours spent).....	4,828
Reported violations of:	
Motorboat Act.....	33,913
Port security regulations.....	3,169
Oil Pollution Act.....	865
Other laws.....	727
Explosives:	
Loading permits issued.....	806
Loadings supervised (man-hours involved).....	26,649
Other hazardous cargoes inspected.....	11,301

Military readiness

Thirty-six Coast Guard ships participated in Navy refresher training and Coast Guard units also participated in a number of joint military training exercises during the fiscal year. Torpedo tubes were installed on 12 larger vessels, making a total of 32 ships on which the installations have been completed. The Navy-Coast Guard class improvement plan for installing new military readiness equipment aboard Coast Guard vessels is about 30 percent complete.

Aids to navigation

During fiscal year 1966, the *Chesapeake* lightship was replaced by a manned offshore light structure, and 11 manned light stations were converted to automatic operation. In February 1966, the Coast Guard began operation of its first multistation remote control and monitor complex, which enables one watchstander to oversee the operations of six light stations. Other such installations in the future should bring significant economies. Coast Guard loran stations at Molokai and O'Shima in the western Pacific were disestablished, while another station at Nomaikē was transferred to the Japanese Government for operation.

The volume of aids to navigation maintained by the Coast Guard as of March 31, 1966, follows.

Navigation aids	Number, 1966
Loran transmitters.....	60
Radio beacons.....	195
Lights (including lightships).....	11,134
Buoys:	
Lighted (including sound).....	3,670
Unlighted sound.....	322
Unlighted.....	11,049
River type.....	9,096
Fog signals (except sound buoys).....	584
Day beacons.....	7,051
Total.....	43,171

Ocean stations

The Coast Guard continued its operation of four ocean stations in the North Atlantic and two in the North Pacific. These vessels, spending 72,890 operating hours on patrol, provided meteorological, navigational, communications, and rescue services for air and marine commerce and collected various scientific data.

Oceanography

Thirty-six Coast Guard ships now have an oceanographic capability. Oceanographic programs were conducted at ocean stations *Bravo*, *Charlie*, and *Victor*. Coast Guard ships participated in the international cooperative study of the Kuroshio, research programs in the Arctic and Antarctic, and oceanographic studies of the North Atlantic Ocean. The cutter *Northwind* conducted the first extensive survey of the Kara and Barents Seas. The cutters *Madrona* and *Firebush* supported a major seismic study of the eastern U.S. crustal structure which was part of the U.S. upper mantle project.

International Ice Patrol

The Coast Guard began the 52d season of International Ice Patrol service in the North Atlantic Ocean on March 1, 1966. The patrol, which protects shipping from the iceberg hazard, utilizes SC-130 aircraft and an oceanographic ship. The 1966 season was notable for two reasons: No icebergs reached the Grand Banks of Newfoundland, and the season terminated on April 28, 1966, the earliest date on record.

Coast Guard intelligence

During fiscal year 1966, 2,719 internal security and criminal investigations were made, as well as 12,663 national agency checks. In addition, 29,093 prospective merchant mariners and 11,241 applicants for port security cards were screened for suitability.

Operational facilities

The following table shows the distribution of operating hours for major Coast Guard functions during the fiscal year 1966.

Workload distribution, fiscal 1966

Activity	Vessels (operating hours)	Aviation units (flight hours)	Shore units ¹ (operating hours)
Law enforcement.....	49,848	5,983	61,956
Search and rescue.....	100,164	52,179	98,027
Aids to navigation.....	285,619	7,781	95,344
Reserve training.....	15,292	115	3,230
Icebreaking.....	16,169	840	386
Oceanography.....	8,545	570	80
Military readiness (includes Vietnam operations).....	150,809	6	5,045
Cooperation with other agencies.....	13,330	2,238	13,528
Port security.....	12,775	488	44,496
Training of cadets and officer candidates.....	6,288	-----	363
Ocean stations.....	72,890	-----	-----
Nonmission movement.....	42,590	-----	21,891
Proficiency training ²	-----	1,249	-----
Ferry ²	-----	2,368	-----
Tests ²	-----	1,799	-----
Administrative ²	-----	5,745	-----
Total.....	774,319	81,361	344,346

¹ Includes small boats.

² Applies to aircraft only.

Cutters.—Continuing the program to replace overage and obsolete vessels, one 210-foot medium endurance cutter and four smaller vessels were constructed and placed in service during the fiscal year. Three large polar icebreakers were transferred from the Navy to Coast

Guard for future operation, and a surplus Navy 184-foot patrol craft was acquired to serve as a Reserve training cutter. Also rehabilitated and placed in service for Reserve training was the former "Voice of America" ship, the USCGC *Courier*. On June 30, 1966, the Coast Guard had 325 cutters in active service.

Shore units.—To provide more effective management control, more economical operation, and better service to the public, 51 shore stations were disestablished or integrated with other units, while 16 new facilities were placed in service and 6 major reorganizations of commands were carried out.

Aviation and aircraft.—In fiscal 1966, an extension of the Coast Guard's aviation plan was approved to provide for orderly replacement of aircraft and a modest growth of the air fleet. Seventeen new HH-52A helicopters were received during the year for replacement of overage aircraft and augmentation of existing air units. Two of the new helicopters were used to establish a critically needed helicopter operational training unit while three others were assigned to a new Coast Guard Air Station at Selfridge Air Force Base, Mich.

At the close of the fiscal year, the Coast Guard air fleet consisted of 160 aircraft, 65 of which were helicopters.

Following an agreement with the Canadian Government to assume coordination of surface search and rescue activities in the North Atlantic, the Coast Guard decided to close its air station at Argentia, Newfoundland. The Coast Guard will in the future deploy aircraft for the International Ice Patrol—formerly based at Argentia—from its Elizabeth City, N.C., Air Station. The reassignment of long-range aircraft from Argentia to Elizabeth City will offer greater flexibility for search and rescue, thus also permitting the disestablishment of the Coast Guard's Bermuda Air Station. These organizational changes are part of a major reorganization of air units on the east and gulf coasts which is expected to take place in fiscal year 1967.

Communications.—To support the extension of the Automated Merchant Vessel Reporting System (AMVER) to the Pacific Ocean, the Coast Guard assigned additional radiomen to all of its Pacific radio stations. Many foreign countries are cooperating in providing communications facilities for AMVER reporting.

Engineering developments

Civil engineering.—Implementation of the Coast Guard shore units plan continued in fiscal year 1966 with eight projects under construction to improve operating capabilities. Construction projects to replace obsolete facilities were also begun at eight other shore stations. As part of the CG aviation plan, the construction of the new Cape Cod Air Station at Otis Air Force Base was another project initiated in fiscal 1966.

Because of spiraling construction costs, the program to replace lightships with offshore light structures is being reevaluated and further construction has been deferred pending the results of this study. One possible alternative under consideration are anchored platforms.

Plans have been made and funds obligated for alteration, additions and expansion of Coast Guard facilities at Governors Island, N.Y., acquired from the Department of the Army. This includes the con-

struction of a 2,000-man, galley-mess building and various renovation projects.

The Coast Guard at the request of the Department of Defense began a priority construction project in December 1965 to extend its loran-C coverage in Southeast Asia. The project was on schedule at the close of the fiscal year.

Electronics engineering.—An airborne navigational computer system is being produced for Coast Guard search and rescue aircraft. This computer accepts data from navigational aids (loran A and C, etc.), along with manual inputs, and provides the pilot with immediate position information and automatic search pattern computation. An air-droppable electronic datum marker buoy has been developed and is being delivered to search and rescue units to serve as a datum point for water search procedures and to mark survivor's location for followup rescue operations.

Naval engineering.—The construction of the first 2 of the Coast Guard's 378-foot high endurance cutters (HEC) progressed during fiscal 1966, and 7 of the 210-foot medium endurance cutters (MEC), as well as 10 smaller vessels, were also at various stages of construction at the close of the year. Foremost among the contracts awarded during the fiscal year were those for three additional 378-foot HEC vessels and two more of the 210-foot medium endurance cutters. The remaining 210-foot cutters authorized will be built at the Coast Guard Yard. The construction of small boats, such as the 44-foot motor lifeboat, also continued at a rapid pace.

Aeronautical engineering.—The first four twin-turbine helicopters to replace fixed-wing HU-16E aircraft were ordered during the fiscal year. A specially equipped EC-130E aircraft is also on order to replace the Coast Guard's remaining C-54.

Testing and development.—Research to facilitate the future automation of aids to navigation is continuing, with special emphasis on electro-optical fog detectors which would operate automatically or through remote control and monitoring stations. Another area receiving much attention is a system which will permit stations monitoring light or fog signals to measure the characteristics of such signals and to correct malfunctions or make adjustments from a remote location. Two types of remote control and monitoring systems are now in trial operation with considerable success to date.

A contract has been awarded for construction of a large 40-foot-diameter navigational sea buoy (or super buoy) for use at the former site of the Scotland lightship at the approach to New York Harbor. This buoy would be remotely controlled, furnishing a 10-mile light and radiobeacon, a 3-mile foghorn, and a 5-mile daymark.

Coast Guard Reserve

At the close of the fiscal year, there were 3,967 officers and 27,142 enlisted men in the Ready Reserve of the Coast Guard, while the Organized Reserve consisted of 1,943 officers and 14,098 enlisted. Two additional Reserve training vessels, the USCGC *Lamar* and the USCGC *Courier*, were placed in active service during the fiscal year. The *Lamar* has been assigned to the west coast to provide drill instruction and annual active duty training for reservists in that area, while the *Courier*—specially outfitted as a floating, simulated captain

of the port/port security facility—will be used to train reservists from the gulf and east coast areas in these specialties at their unit mobilization sites.

Personnel

New regulations were issued during the fiscal year which enable Reserve officers to be integrated into the Regular Service when first promoted under procedures which call for selection of those best qualified for advancement. To obtain more aviators for the Service the 89th Congress established the rate of aviation cadet which enables the Coast Guard to enlist those from civilian life—as well as designate personnel previously enlisted—to enter flight training.

The personnel strength of the Regular Coast Guard as of June 30, 1965 and 1966, is shown in the following table.

Personnel	Number	
	1965	1966
Military personnel:		
Commissioned officers.....	3,388	3,634
Commissioned warrant officers.....	844	868
Warrant officers.....	244	281
Cadets.....	440	¹ 770
Enlisted men.....	26,860	29,736
Total.....	31,776	35,289
Civilian personnel:		
Salaried (General Service).....	2,856	2,964
Wageboard.....	2,308	2,388
Lamplighters.....	158	152
Total (exclusive of vacancies).....	5,322	5,504

¹ Figure for 1966 is larger than 1965 due to earlier enrollment of the freshman cadet class.

The following table shows the changes in the number of officers on active duty as of June 30, 1965 and 1966.

Officers	Number	
	1965	1966
Additions of commissioned officers:		
Graduates of Coast Guard Academy.....	114	112
Graduates of officer candidate school, graduates of merchant marine academies, and direct commission of aviation cadets.....	244	361
Reserve officers called to active duty.....	55	32
Former merchant marine officers.....	2	0
Total.....	415	505
Losses of commissioned officers:		
Regular ¹	178	146
Reserve on completion of obligated service.....	145	113
Total.....	323	259
Net gain.....	92	246

¹ Through retirements, resignations, revocations, and deaths.

Recruiting.—Fifty-nine main recruiting offices and about 50 sub-offices were manned by 257 recruiters. During the fiscal year there were 17,828 applicants for enlistment in the Regular Service and 7,188

were enlisted. The Reserve received 8,334 applications and enlisted 3,678. Sufficient numbers were enlisted to meet existing strength plans.

Training for foreign visitors.—Under the sponsorship of other Federal agencies approximately 148 visitors from 21 foreign countries received various types of training through Coast Guard facilities during the fiscal year.

Coast Guard education program.—The education and training programs sponsored by and participated in by the Service are summarized for fiscal years 1965 and 1966 as follows:

Education and training programs	Number	
	1965	1966
Coast Guard Academy:		
Applications.....	3,745	3,076
Applications approved.....	2,706	2,417
Appointments accepted.....	254	1,278
Cadets.....	597	668
Graduates (bachelor of science degree).....	114	113
Officer training completed:		
Officer candidate school graduates.....	244	342
Postgraduate.....	67	61
Flight training.....	28	55
Helicopter training.....	25	20
C-130 B aircraft training.....	13	12
Short-term specialized courses.....	690	790
Enlisted training completed:		
Recruit training:		
Regular.....	3,295	6,131
Reserve.....	2,401	3,083
Coast Guard basic petty officer schools.....	1,407	1,792
Navy basic petty officer schools.....	324	379
Advanced petty officer schools (Navy and Coast Guard).....	101	160
Specialized training courses (service and civilian).....	2,573	2,615
Correspondence courses completed:		
Coast Guard Institute.....	8,996	8,820
U.S. Armed Forces Institute.....	301	325
U.S. Naval Correspondence Courses Center.....	24,609	4,750
Examinations:		
Officer education and examination program.....	816	3,590
Department of Defense officer record examinations:		
Direct commissioned officers.....	0	53
Officer candidate school graduates.....	0	345
Academy graduates.....	0	113

¹ Estimated.

² Adjusted to include only courses completed.

³ Through June 21, 1966.

Public Health Service support.—On June 30, 1966, there were 107 Public Health Service personnel on duty with the Coast Guard serving at 20 shore stations, with motorized dental detachments, and aboard ships assigned to ocean stations and Arctic and Antarctic operations.

Coast Guard Auxiliary

The Coast Guard Auxiliary is a volunteer, nonmilitary organization established to assist the Service in its rescue operations, as well as to promote safety, efficiency, and better compliance with laws governing the operation of motorboats and yachts. The Auxiliary, which operates in 711 communities in the United States, Puerto Rico, and the Virgin Islands, is composed of experienced boatmen, radio operators, and aircraft pilots, each fully trained in his specialty, who further their competence by participation in advanced membership training programs.

The following tabulation compares Auxiliary achievements, personnel strength, and facilities for the fiscal years 1965 and 1966.

	1965	1966
Persons receiving safe boating instruction.....	137,395	150,793
Motorboats examined (facilities and courtesy examinations).....	183,002	176,259
Regatta patrols.....	2,875	4,401
Assistance missions.....	5,985	7,044
Lives saved.....	161	129
Total membership.....	22,882	23,232
Total facilities ¹	14,966	14,972
Qualified instructors.....	5,860	5,935
Qualified courtesy examiners.....	8,197	8,132

¹ Revised.

¹ Consisting of boats, aircraft, and radio stations.

Fiscal and supply management

Improvements in the cost accounting and workload performance information systems permitted the Coast Guard to present a program-oriented budget for the fiscal year 1967, compatible with the planning-programing-budgeting system of the Bureau of the Budget and the Treasury Department.

During the fiscal year a computer was installed at the Coast Guard Aircraft Repair and Supply Center to provide more timely and comprehensive data on the progress and costs of aeronautical repair and overhaul work and to improve the management of inventories of aircraft and avionic materials and equipment. Progress was also made toward transferring the Coast Guard civilian payrolling function to a centralized location at the Internal Revenue Service Center, Lawrence, Mass.

The contract for the construction of one 378-foot high endurance cutter (HEC), awarded during June 1966, contained an option for the procurement of two additional HEC-class vessels which were programed in the Coast Guard appropriation request for fiscal year 1967. This multiyear procurement contract should reduce construction costs for the three vessels by an estimated \$1,800,000.

Excess materials valued at some \$1,026,000 were acquired cost-free from the Department of Defense and General Services Administration to help meet the supply requirements of the Coast Guard.

Funds available, obligations, and balances

The following table shows the amount of funds available for the Coast Guard during fiscal year 1966 and the amounts of obligations and unobligated balances.

	Funds available ¹	Net total obligations	Unobligated balances ²
Appropriated funds:			
Operating expenses.....	\$293,371,182	\$292,985,279	\$385,903
Reserve training.....	23,550,000	23,453,264	96,736
Retired pay.....	41,000,000	40,786,232	213,768
Acquisition, construction, and improvement.....	129,583,345	112,797,915	16,785,430
Total appropriated funds.....	487,504,527	470,022,690	17,481,837
Reimbursements:			
Operating expenses.....	22,654,321	22,654,321	
Acquisition, construction, and improvement.....	14,282,433	11,340,980	2,941,453
Total reimbursements.....	36,936,754	33,995,301	2,941,453
Trust fund, U.S. Coast Guard gift fund.....	74,851	46,056	28,795
Grand total.....	524,516,132	504,064,047	20,452,085

¹ Funds available include unobligated balances brought forward from prior year appropriations as follows:

Acquisition, construction, and improvements:	
Appropriated funds.....	\$14,073,345
Reimbursements.....	7,477,789
U.S. Coast Guard gift fund.....	38,721

² Unobligated balance of \$19,726,884 under the acquisition, construction, and improvements appropriation remains available for obligation in fiscal year 1967. These funds are programmed for obligation in fiscal year 1967 for the following general purposes:

	Coast Guard projects	Department of Defense projects
For projects deferred in fiscal year 1966 to be subsequently accomplished.....	\$3,777,000	
For completion of projects started in fiscal year 1966.....	13,008,430	\$2,941,453
Total.....	16,785,430	2,941,453

U.S. Savings Bonds Division

The U.S. savings bonds program—with tens of millions of American bond owners—is vital to the success of the Treasury's debt management program by attracting long-term savings of individuals into Government bonds. It plays an important role in the Government's efforts to combat inflationary pressures within the economy and it provides for every citizen an opportunity to participate in the attainment of national goals.

The fact that at the close of fiscal year 1966 series E and H bonds outstanding accounted for 23 percent, or \$49.7 billion, of the entire publicly held Federal debt is an abundant indication of the importance of savings bonds to Federal debt management. The program is carried out by the U.S. Savings Bonds Division, a relatively small Government staff whose efforts are augmented by a dedicated corps of volunteers who serve without compensation as a sales promotion force. Liaison is maintained with all types of financial, business, labor, agricultural, and educational institutions, as well as with other civic organizations. Their volunteer services are enlisted to sell savings bonds through banks, savings and loan associations, credit unions, certain post offices, and business establishments operating the payroll savings plan.

The savings bonds program received an added impetus early in 1966 when President Johnson announced an increase in the interest rate to 4.15 percent from the previous 3.75 percent, effective from December 1, 1965.¹ The Presidential action also raised the earnings after December 1, 1965, of outstanding series E and H bonds.

¹ See exhibit 25.

Increases authorized on May 3, 1966, in the annual purchase limitations for the calendar year 1966 and each calendar year thereafter further stimulated sales. The limitations are now to \$20,000 (face value) on series E bonds, \$30,000 (face value) on series H bonds, and a special limitation of \$200,000 (face value) permitted for H bond gifts to nonprofit organizations.

In the March-June 1966 period following the announcement of the interest rate increase, bond sales improved sharply, reversing a downward trend of dollar sales which began in fiscal 1965 when rising rates on other forms of savings provided a more favorable return. As a result of the rate increase, fiscal year 1966 closed with total cash purchases of E and H bonds of \$4,650 million, a 2-percent increase over the preceding fiscal year. Of this total, the sale of \$4,246 million series E bonds alone exceeded every one of the past 17 years.

Prior to the rate increase, strong promotional campaigns were already underway, based on the "Star-Spangled Savings Bonds" theme begun in 1965 and the 25th anniversary theme for 1966, the silver anniversary of the popular E bond, with a strong emphasis on the payroll savings program. These efforts had been producing peacetime records in small denomination series E bond sales, those bought chiefly by payroll savers, and accounted largely for the record total of 103,500,000 E and H bonds sold in fiscal 1966, the highest number since 1946. During the year, campaigns in private industry and the Federal Government resulted in a peacetime record of 1,835,000 new enrollees under the payroll savings plan. Total enrollment had reached 8½ million by June 1966.

Promotional activities

The payroll savings effort in industry was spearheaded by the National Industrial Committee under Chairman Lynn A. Townsend, president of Chrysler Corp., and comprised of top executives representing the 22 largest industrial centers. Each member organized an intensive campaign in his city to persuade all companies to conduct canvasses of employees.

In addition, similar industrial center campaigns were conducted in 135 urban centers, each under the chairmanship of a top local business executive.

Top Treasury officials, including Secretary Fowler, addressed many of the campaign kickoff meetings of businessmen and other community leaders. Widespread publicity was generated through local press, radio, and television outlets.

Added impetus was given by letters from Secretary of Defense Robert McNamara, NASA Administrator James E. Webb, and Adm. Joseph M. Lyle, Director of Defense Supply Agency, to some 3,500 Government contractors encouraging them to conduct campaigns.

Organized labor gave its full cooperation to payroll savings campaigns in industry. Strong statements in support of the program were issued by George Meany, President of AFL-CIO (and Chairman of the Treasury's Labor Advisory Committee), by W. A. Boyle, president of the United Mine Workers, and by G. E. Leighty, chairman of the Railway Labor Executives' Association.

Staff members followed up the meetings, letters, and statements with personal calls on companies to organize campaigns. In 1966,

some 10,000 campaigns were completed in companies of all sizes and resulted in the enrollment of over 1 million new payroll savers.

In the Federal Government a highly successful campaign was conducted among civilian and military personnel under the direction of the Interdepartmental Committee Chairman, Postmaster General Lawrence F. O'Brien and with the strong personal support of the President. By June 30, 401,000 additional civilians and 415,000 additional members of the Armed Forces had signed bond allotments, bringing the net total enrolled to nearly 3 million employees, the highest level since World War II.

A special effort was made with city and county employees by Vice President Humphrey, who wrote to some 7,000 mayors and county officials to help with publicity and campaigns. Nearly 500 city and county heads agreed to conduct intensive campaigns and many others have given support through proclamations, television, radio, and press publicity.

The Vice President also wrote personal letters to the heads of 53 major civic, service, fraternal, veterans, farm, professional, and women's organizations which actively promote the purchase of bonds by their members.

The women's organizations of the Nation act as volunteer leaders in the promotion of U.S. savings stamps sales. Stamps are sold primarily in the schools to encourage thrift in the youth of the Nation. Some 112,500,000 individual stamps were sold in 1966, amounting to \$19 million.

During fiscal 1966, the motion picture industry sponsored many short subjects and trailers which are in wide use in theaters coast to coast. The 20-minute color short contributed in fiscal 1965, "The Land We Love," is now in nationwide theatrical release. Over 10 million Americans had seen it in theaters and at bond meetings by the close of fiscal 1966.

The voluntary assistance provided by the Advertising Council and its task force agencies who prepare and donate advertising and promotional material is of major importance to all campaigns and promotional activities undertaken by the U.S. Savings Bonds Division. Also of immeasurable value to the sales program are the contributions and cooperation of banks and other financial institutions, as well as of industry, community, and farm volunteers, whose efforts continued at high levels throughout fiscal 1966.

Donated advertising time and space was particularly noteworthy in fiscal 1966, during which the 25th anniversary and new interest rate messages received extensive coverage through television, radio, newspapers, magazines, graphics, and other advertising media.

Management improvement

The Savings Bonds Division is headed by a National Director and Assistant National Director, and consists of two principal branches—Sales Operations and Advertising and Promotion.

On June 17, 1966, effective July 1, the Office of National Labor Representative and the Office of Planning and Research transferred to the Office of the National Director, reporting independently of the two operating branches. Effective the same date, region VII was established (there were six regional offices during fiscal year 1966) and comprises the States of Alabama, Florida, Georgia, Louisiana, Missis-

issippi, and Tennessee, with regional headquarters in New Orleans. The seventh region should provide a tighter span of control of field activities. The establishment of the new region also caused a compensating realignment in several other regions and more economical travel and better coverage of territory is anticipated from the change. Offices are also maintained in the 50 States and the District of Columbia.

The Division's training program for new employees was being revised and improved at the fiscal yearend. The new schedule calls for a week's concentrated study in Washington, D.C., with coverage of the U.S. savings bonds program, its purpose and history, sales techniques, the utilization of volunteer manpower, and public relations. A new manual with instructions for on-the-job training was being developed at the end of fiscal 1966 and top sales staff in the field are expected to spend more time training new employees in actual sales situations.

U.S. Secret Service

The major responsibilities of the U.S. Secret Service defined by section 3056, title 18, United States Code, are the protection of the President of the United States, the members of his immediate family, the President-elect, the Vice President or other officer next in the order of succession to the office of President, and the Vice-President-elect; protect a former President and his wife during his lifetime and the person of a widow and minor children of a former President for a period of 4 years after he leaves or dies in office, unless such protection is declined; the detection and arrest of persons committing any offenses against the laws of the United States relating to obligations and securities of the United States and of foreign governments; and the detection and arrest of persons violating certain laws relating to the Federal Deposit Insurance Corporation, Federal land banks, and Federal land bank associations.

Management improvement

Pursuant to Treasury Order No. 173-3, of October 29, 1965,¹ a major reorganization was implemented to realine the principal functions of the Service under four Assistant Directors: Investigations, Protective Forces, Protective Intelligence, and Administration. This has resulted in improved coordination and planning of operations at the headquarters level.

Long-range program and financial plans were prepared as part of the overall program-planning-budgeting system for the Department. A number of studies have been initiated to determine appropriate measures of effectiveness in the Service's law enforcement areas.

Improvements in the accounting system now permit the collection of cost data for eight major cost activities to assist management and financial planning. Recurring annual savings realized from these improvements are estimated at approximately 6 man-years at a cost of \$50,000.

A manpower utilization survey was completed for all field offices to determine the distribution of special agents and clerical personnel for

¹ See exhibit 77.

fiscal 1967. Personnel realignments in 30 field offices resulted in a net increase of 8 clerical positions and a net decrease of 8 special agent positions. Annual savings are estimated at approximately \$31,000.

Inspection and audit program

The Inspection Staff was augmented during fiscal 1966 and the inspection program was reoriented in order to improve its function and to increase its effectiveness as a primary management tool.

The inspection cycle for all field offices and Washington headquarters section was accelerated so that inspection will be made on a 9-month basis instead of 12 months.

During fiscal 1966 a full-time internal auditor was added to the Office of Inspection and Audit to enhance the effectiveness of the inspection program.

Participation in the incentive awards program showed a marked improvement during the fiscal year. Suggestions received increased 102 percent from 1965.

Personnel and training

During the fiscal year 1966 the Secret Service appointed 266 new special agents, technicians, specialists, and support personnel.

An active formal training program was conducted during the year which included the Secret Service internal training programs, Civil Service Commission interagency training programs, and non-Government training institutions. In addition to this formal training, the Secret Service pursued its established on-the-job training programs for personnel regularly engaged on investigative and protective assignments.

Protective responsibilities

The protection of the First Family, Vice President, former Presidents, their wives, and the widow and minor children of the late President Kennedy continued to be the primary responsibility of the Service.

The protective responsibilities of the Secret Service as contained in 18 U.S.C. 3056 were amended on September 15, 1965, as follows:

Protect the person of a former President and his wife during his lifetime and the person of a widow and minor children of a former President for a period of four years after he leaves or dies in office, unless such protection is declined.

Investigative responsibilities

Investigations in the interest of the Service's protective responsibilities continued to receive priority attention.

During fiscal 1966 the Secret Service recovered an alltime high of \$9 million in counterfeit currency. Ninety percent of this amount was seized before it could be passed on to the public. Arrests for counterfeiting violations reached a new high of 866. Thirty-six plants for the manufacture of counterfeit money were seized.

Counterfeiting activity generally follows the rise in the affluence of the country and the increase in the amount of currency in circulation. Though the quality of the counterfeit is not being improved, its sheer volume and wide distribution will require additional coverage in some areas of the country not heretofore seriously affected by counterfeiting operations.

The following are summaries which illustrate the type and scope of counterfeiting activities during the fiscal year 1966.

In July 1964 a known Boston criminal and his associates became acquainted with a notorious morals offender who owned a small printing shop in an isolated area of central New Jersey. The printer, who had previously been a codefendant in a major obscenity case in the District of Columbia, had retreated to this remote New Jersey home. Using supplies purchased in the New York City-Newark area by the Boston group, the printer manufactured nearly a quarter of a million dollars in counterfeit \$5, \$10, and \$20 Federal Reserve notes which were sent to Boston for distribution. Approximately \$40,000 in these notes were passed in the Massachusetts area during the following months. By July 1965 the Secret Service had arrested 46 persons, including the printer, for handling these notes. The plant was seized, together with \$150,000 in the counterfeit notes.

On February 11, 1966, four new issues of counterfeit \$10 and \$20 Federal Reserve notes appeared in the New York City-Newark area. Several passers were arrested and it became apparent that the notes were the work of the same New Jersey morals offender who was then free on bond awaiting trial for the 1965 counterfeiting arrest. On February 17, 1966, agents located the plant in a residence in Camden, N.J., where they captured one-half million dollars in uncut sheets of the notes, which one of the counterfeiters was trying to destroy.

The defendants in the second arrest, involving the printer, an associate, and several passers, were brought to trial in New York City and all were convicted. The printer is now serving a 5-year sentence for producing the second group of notes while still awaiting disposition of the first case in New Jersey.

A new counterfeit \$20 Federal Reserve note appeared on March 27, 1962, in Bismarck, N. Dak. Several other counterfeits of this type were passed in the area. The Secret Service had no leads to the source of these notes, when the counterfeits stopped appearing.

After almost 4 years, the counterfeiter began passing the notes again and used two of them at a social affair in Bismarck to purchase tickets. Since these were the only two \$20 notes accepted by the ticket seller during the evening, the passer was identified and quickly arrested.

Following his arrest he told agents that he had made the counterfeits during the latter part of 1961 at a local printing shop in which he worked. He took agents to his home where the plates, negatives, and over \$10,000 in the counterfeits were recovered. He had succeeded in passing only five notes during the 4-year period.

In November 1965 nine new-issue counterfeit \$20 Federal Reserve notes were passed in Dublin, Ga. Although the passer could not be identified, information was developed by the Secret Service tracing the counterfeits to the owner of a correspondence school in Lakeland, Fla., and the investigation was concentrated on him.

When agents arrested the schoolowner and his accomplice, at Lakeland, Fla., \$1,750,000 in the counterfeit notes, the press, and other paraphernalia used to manufacture the notes were found at their residence.

The counterfeiter told agents he had not transferred any notes to underworld contacts. However, two ex-convicts were later arrested in Georgia for passing some of them. They had received about

\$25,000 in the counterfeits from the Florida man through a mutual acquaintance. The counterfeiter had never been paid for the notes and had operated entirely without a profit. He is now serving a 5-year sentence.

On July 28, 1965, a British attorney residing in Lausanne, Switzerland, passed 58 new counterfeit \$100 Federal Reserve notes at four different banks in Geneva. He was arrested that day and Swiss authorities seized \$380,000 in these counterfeits from his car and office.

The subsequent investigation was conducted by Secret Service offices in Paris, New York, and Los Angeles in cooperation with Swiss authorities. It was disclosed that the attorney had been involved with another British subject in various financial enterprises. In July 1965 the attorney, in serious financial difficulty, had requested assistance from a British business acquaintance, temporarily residing in the United States. This acquaintance assisted by sending him one-half million dollars in counterfeit U.S. currency on July 27, 1965, through a New Yorker acting as a courier.

Following the attorney's arrest, the investigation led to the courier, then to the attorney's British acquaintance, and to several other U.S. citizens.

The British subject and two of his American associates were convicted in Federal Court in Los Angeles. The prosecution of the attorney is being handled by Swiss authorities.

Alterations of U.S. coins to enhance their numismatic value continued to increase during the fiscal year. The counterfeiting of U.S. coins increased from about \$11,000 in fiscal 1965 to approximately \$29,000 in 1966.

The counterfeiting of U.S. currency in foreign countries continued to be of concern, although only \$642,256 was received during the fiscal year 1966. A great deal of foreign counterfeiting activity does not come to the attention of the Secret Service despite ever-increasing liaison activity overseas. Administrative procedures of many foreign police departments do not require the reporting of U.S. counterfeits received to the United States. Also, some counterfeit U.S. currency is destroyed by local authorities of foreign governments.

Liaison with nations in the Far East is handled through the Secret Service office in Hawaii, and the Paris office conducts liaison with nations in Europe, the Middle East, and Africa.

Secret Service responsibility also includes the counterfeiting in the United States of currency of other countries. During the 1966 fiscal year the Service seized 19,670 pieces of counterfeit currency.

The following table summarizes receipts of counterfeit money during fiscal years 1965 and 1966.

Counterfeit money received, fiscal years 1965 and 1966

Receipt of counterfeit notes and coins	1965	1966
Counterfeit money received in the United States:		
Loss to the public.....	\$846,213.30	\$962,060.99
Seized before circulation.....	2,517,596.27	8,098,417.35
Total.....	3,363,809.57	9,060,478.34
Counterfeit U.S. currency received in foreign countries.....	951,595.00	642,256.00
Pieces of counterfeit currency of other nations received in the United States.....	1,897.00	19,670.00

The Secret Service received for investigation 1,185 fewer Government check forgery cases during fiscal 1966 despite the increased number of such checks being issued. This reduction is attributed, in part, to effective enforcement and the success of the Forgery Division in promptly identifying multiple forgers.

Forged Government check cases investigated during the year numbered 42,545 involving almost \$4.5 million. A total of 2,618 persons were arrested for Government check violations.

The Secret Service also investigated 7,361 cases involving the forgery and fraudulent negotiation of U.S. savings bonds having a maturity value of nearly \$750,000 and arrested 73 persons for this crime.

The following are representative of the cases involving the forgery of checks and bonds.

From March to November 1965, 2 men stole over 200 U.S. Treasury checks amounting to approximately \$20,000 between Virginia and Florida. The checks had been obtained by robbing many different post offices. One hundred and seventy-four of these checks were forged and cashed. Thirty-one of the stolen checks were recovered from an automobile belonging to one of the forgers.

The men were arrested at Daytona Beach, Fla., on November 9, 1965. The principal forger and negotiator of the checks was sentenced at Jacksonville, Fla., to serve 13 years. The other is serving a 7-year sentence.

A woman was arrested on July 16, 1965, in Dallas, Tex., for the forgery and negotiation of U.S. Treasury checks. At the time of her arrest she surrendered over \$9,500 in cash and 61 U.S. Treasury checks worth over \$3,500.

For several months prior to her arrest, she had forged and cashed about 100 stolen U.S. Government checks at banks in San Francisco, Los Angeles, Sacramento, Reno, Kansas City, St. Louis, Detroit, Chicago, Houston, El Paso, Fort Worth, and Dallas. During this period she was on bond in connection with two previous arrests for similar offenses involving approximately 90 checks in the New York City area. On October 7, 1965, she was prosecuted in Federal Court in Dallas, Tex., and sentenced to serve 15 years.

A woman was arrested January 28, 1966, in a bank in Buffalo, N.Y., while in the act of forging 20 U.S. savings bonds worth \$1,775. Her supplier of the bonds, a man, was arrested outside the bank in his car.

Their forgery activities began in May 1965 when she forged and cashed 48 bonds with a face value of \$1,200. They resumed their activities in August 1965 and during the next 6 months, cashed 307 bonds stolen from Nebraska, Ohio, Indiana, and New York, with a face value of nearly \$60,000, at various banks in Michigan and New York.

The man, who entered a plea of guilty, was sentenced to 4 years. After he entered his plea he surrendered, through his attorney, 659 U.S. savings bonds with a face value of \$54,400. The woman also pleaded guilty and was sentenced to 4 years, suspended, and placed on probation for 4 years.

The Secret Service investigated 143 Gold Reserve Act violations during fiscal 1966. These cases are for the most part complex and time consuming. Periodic conferences were held with the Customs

Agency Service and the Office of Domestic Gold and Silver Operations to attain closer coordination in the handling of gold cases.

The following tables show the number of criminal and noncriminal investigations completed and arrests made by the Secret Service in the fiscal years 1965 and 1966.

Criminal and noncriminal cases investigated, fiscal years 1965 and 1966

Cases investigated	1965	1966
Counterfeiting.....	16, 213	24, 708
Forged Government checks.....	39, 399	42, 545
Forged Government bonds.....	5, 586	7, 361
Miscellaneous criminal.....	2, 903	9, 237
Miscellaneous noncriminal.....	13, 542	10, 127
Total.....	77, 643	93, 978

Number of arrests, fiscal years 1965 and 1966

Offenses	1965	1966
Counterfeiting.....	723	866
Forged Government checks.....	2, 720	2, 618
Forged or stolen bonds.....	69	73
Miscellaneous.....	249	489
Total.....	3, 761	4, 046

Cases of all types investigated by the Service during 1966 totaled 93,978 with 4,046 persons arrested.

Offenses investigated by the Secret Service resulted in the conviction of 3,502 persons, 97.7 percent of the cases brought to trial during the fiscal year.

The incidence of crime over which the Secret Service has investigative jurisdiction remains generally consistent with the nationwide crime trend.

Cooperation

The Secret Service has continued to receive excellent assistance from local, State, and other Federal law enforcement agencies in its protective and investigative responsibilities. Interested citizens have also aided greatly by furnishing information important to the effective operation of the Service.

EXHIBITS

Public Debt Operations, Calls of Guaranteed Securities, Regulations, and Legislation

Treasury Certificates of Indebtedness, Treasury Notes, and Treasury Bonds Offered and Allotted

Exhibit 1.—Treasury certificates of indebtedness

During the fiscal year 1966 there was one offering of certificates of indebtedness. The Treasury circular for the offering is reproduced in this exhibit. Following the circular is a listing showing final allotments of the certificates by Federal Reserve districts.

DEPARTMENT CIRCULAR NO. 1-66. PUBLIC DEBT

TREASURY DEPARTMENT,
Washington, January 6, 1966.

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers \$1,500,000,000, or thereabouts, of certificates of indebtedness of the United States, designated 4½ percent Treasury Certificates of Indebtedness of Series A-1966, at 99.92 percent of their face value and accrued interest. The books will be open only on January 10, 1966, for the receipt of subscriptions.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated January 19, 1966, and will bear interest from that date at the rate of 4½ percent per annum, payable on a semiannual basis on May 15 and November 15, 1966. They will mature November 15, 1966, and will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates is subject to all taxes imposed under the Internal Revenue Code of 1954. The certificates are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer certificates with interest coupons attached will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$1,000,000, \$100,000,000, and \$500,000,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing U.S. certificates.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve banks and branches and at the Office of the Treasurer of the United States, Washington, D.C. 20220. Only the Federal Reserve banks and the Treasury Department are authorized to act as official agencies. Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit subscriptions for account of customers provided the names of the customers are set forth in such subscriptions. Others than commercial banks will not be permitted to enter subscriptions except for their own account. Subscriptions from commercial banks for their own account will be restricted in each case to an amount not exceeding 50 percent of the combined capital (not including capital notes or debentures), surplus and undivided profits of the subscribing bank. Sub-

scriptions will be received without deposit from banking institutions for their own account, federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon and Government investment accounts. Subscriptions from all others must be accompanied by payment of 2 percent of the amount of certificates applied for, not subject to withdrawal until after allotment. Following allotment, any portion of the 2 percent payment in excess of 2 percent of the amount of certificates allotted may be released upon the request of the subscribers.

2. All subscribers are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any certificates of this issue at a specific rate or price, until after midnight January 10, 1966.

3. Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

4. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, to allot less than the amount of certificates applied for, and to make different percentage allotments to various classes of subscribers when he deems it to be in the public interest; and any action he may take in these respects shall be final. The basis of the allotment will be publicly announced, and allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at 99.92 percent of their face value and accrued interest, if any, for certificates allotted hereunder must be made or completed on or before January 19, 1966, or on later allotment. In every case where payment is not so completed, the payment with application up to 2 percent of the amount of certificates allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depository will be permitted to make payment by credit in its Treasury tax and loan account for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve bank of its district.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve banks.

HENRY H. FOWLER,
Secretary of the Treasury.

Allotments of Treasury certificates of indebtedness issued during fiscal 1966

Federal Reserve district	Amounts	Federal Reserve district	Amounts
Boston.....	\$79,629,000	St. Louis.....	\$76,370,000
New York.....	446,461,000	Minneapolis.....	51,482,000
Philadelphia.....	71,882,000	Kansas City.....	76,824,000
Cleveland.....	129,248,000	Dallas.....	92,775,000
Richmond.....	87,122,000	San Francisco.....	194,000,000
Atlanta.....	97,130,000	Treasury.....	235,000
Chicago.....	249,036,000		
		Total allotments.....	1,652,194,000

Exhibit 2.—Treasury notes

Two Treasury circulars, one containing an exchange offering and the other a cash offering, are reproduced in this exhibit. Circulars pertaining to the other note offerings during the fiscal year 1966 are similar in form and therefore are not reproduced in this report. However, essential details for each offering are summarized in the first table following the circular and the final allotments of the new notes are shown in the second table.

DEPARTMENT CIRCULAR NO. 3-66. PUBLIC DEBT

TREASURY DEPARTMENT,
Washington, January 27, 1966.

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers notes of the United States, designated 5 percent Treasury Notes of Series A-1970:

- (1) At 100 percent of their face value in exchange for 3½ percent Treasury Notes of Series B-1966, dated May 15, 1962, due February 15, 1966;
- (2) at 100 percent of their face value in exchange for 3½ percent Treasury Notes of Series C-1966, dated August 15, 1964, due February 15, 1966;
- (3) at 100 percent of their face value in exchange for 1½ percent Treasury Notes of Series EA-1966, dated April 1, 1961, due April 1, 1966;
- (4) at 100.25 percent of their face value in exchange for 4 percent Treasury Notes of Series D-1966, dated November 15, 1964, due May 15, 1966;
- (5) at 100.30 percent of their face value in exchange for 3¾ percent Treasury Bonds of 1966, dated November 15, 1960, due May 15, 1966, in amounts of \$1,000 or multiples thereof;
- (6) at 100.45 percent of their face value in exchange for 4 percent Treasury Notes of Series A-1966, dated February 15, 1962, due August 15, 1966; or
- (7) at 100.90 percent of their face value in exchange for 3 percent Treasury Bonds of 1966, dated February 28, 1958, due August 15, 1966, in amounts of \$1,000 or multiples thereof.

Interest will be adjusted as of February 15, 1966, in the case of the securities due May 15 and August 15, 1966, and as of March 15, 1966, in the case of the notes of Series EA-1966. Cash payments on account of interest adjustments and the issue prices of the new notes will be made as set forth in section IV hereof. The amount of this offering will be limited to the amount of eligible securities tendered in exchange. The books will be open only on January 31 through February 2, 1966, for the receipt of subscriptions.

2. In addition, holders of the notes of Series B-1966, Series C-1966, and Series EA-1966 are offered the privilege of exchanging all or any part of such securities for 4½ percent Treasury Notes of Series E-1967 which offering is set forth in Department Circular, Public Debt Series—No. 2-66, issued simultaneously with this circular.

II. DESCRIPTION OF NOTES

1. The notes will be dated February 15, 1966, and will bear interest from that date at the rate of 5 percent per annum, payable on a semiannual basis on May 15 and November 15, 1966, and on May 15 and November 15 in each year until the principal amount becomes payable. They will mature November 15, 1970, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$1,000,000, \$100,000,000, and \$500,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve banks and branches and at the Office of the Treasurer of the United States, Washington, D.C. 20220. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve banks and the Treasury Department are authorized to act as official agencies.

2. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's social security number or an employer identification number.

3. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, and to allot less than the amount of notes applied for when he deems it to be in the public interest; and any action he may take in these respects shall be final. Subject to the exercise of that authority, all subscriptions will be allotted in full.

IV. PAYMENT

1. Payment for the face amount of notes allotted hereunder must be made on or before February 15, 1966, or on later allotment, and may be made only in a like face amount of securities of the seven issues enumerated in paragraph 1 of section I hereof, which should accompany the subscription. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number, as required by paragraph 2 of section III hereof, has not been furnished; provided, however, if a subscriber has applied for but is unable to furnish the identifying number by the payment date only because it has not been issued, he may elect to receive, pending the furnishing of the identifying number, interim receipts and in this case payment will be deemed to have been completed. Cash payments due from subscribers (paragraphs 7 and 8 below) should accompany the subscription. Cash payments due to subscribers (paragraphs 4, 5, and 6 below) will be made by check or by credit in any account maintained by a banking institution with the Federal Reserve bank of its district following acceptance of the securities surrendered. In the case of registered securities, the payment will be made in accordance with the assignments thereon.

2. *3½ percent notes of Series B-1966.*—Coupons dated February 15, 1966, should be detached and cashed when due.¹

3. *3½ percent notes of Series C-1966.*—Coupons dated February 15, 1966, should be detached and cashed when due.¹

4. *1½ percent notes of Series EA-1966.*—Coupons dated April 1, 1966, must be attached to the notes when surrendered. Accrued interest from October 1, 1965, to March 15, 1966 (\$6.79945 per \$1,000), will be credited, accrued interest from February 15 to March 15, 1966 (\$3.86740 per \$1,000) on the new notes will be charged and the difference (\$2.93205 per \$1,000) will be paid to subscribers.

5. *4 percent notes of Series D-1966.*—Coupons dated May 15, 1966, must be attached to the notes in bearer form when surrendered. Accrued interest from November 15, 1965, to February 15, 1966 (\$10.16575 per \$1,000), will be credited, the payment (\$2.50 per \$1,000) due the United States on account of the issue price of the new notes will be charged and the difference (\$7.66575 per \$1,000) will be paid to subscribers.

6. *3½ percent bonds of 1966.*—Coupons dated May 15, 1966, must be attached to the bonds in bearer form when surrendered. Accrued interest from November 15, 1965, to February 15, 1966 (\$9.53039 per \$1,000), will be credited, the payment (\$3.00 per \$1,000) due the United States on account of the issue price of the notes will be charged, and the difference (\$6.53039 per \$1,000) will be paid to subscribers.

7. *4 percent notes of Series A-1966.*—Coupons dated August 15, 1966, must be attached (February 15, 1966, coupons should be detached¹) to the notes in bearer form when surrendered. A payment of \$4.50 per \$1,000 on account of the issue price of the new notes must be made by subscribers.

8. *3 percent bonds of 1966.*—Coupons dated August 15, 1966, must be attached (February 15, 1966, coupons should be detached¹) to the bonds in bearer form

¹ Interest due on Feb. 15, 1966, on registered securities will be paid by issue of interest checks in regular course to holders of record on Jan. 14, 1966, the date the transfer books closed.

when surrendered. A payment of \$9.00 per \$1,000 on account of the issue price of the notes must be made by subscribers.

V. ASSIGNMENT OF REGISTERED SECURITIES

1. Treasury securities in registered form tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be surrendered with the subscription to a Federal Reserve bank or branch or to the Office of the Treasurer of the United States, Washington, D.C. 20220. The securities must be delivered at the expense and risk of the holder. If the new notes are desired registered in the same name as the securities surrendered, the assignment should be to "The Secretary of the Treasury for exchange for 5 percent Treasury Notes of Series A-1970"; if the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 5 percent Treasury Notes of Series A-1970 in the name of -----"; if new notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for exchange for 5 percent Treasury Notes of Series A-1970 in coupon form to be delivered to -----".

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve banks.

HENRY H. FOWLER,
Secretary of the Treasury.

DEPARTMENT CIRCULAR NO. 6-65. PUBLIC DEBT

TREASURY DEPARTMENT,
Washington, October 28, 1965.

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers \$9,700,000,000, or thereabouts, of notes of the United States, designated $4\frac{1}{4}$ percent Treasury Notes of Series D-1967, at 99.83 percent of their face value and accrued interest. The following notes, maturing November 15, 1965, will be accepted at par in payment or exchange, in whole or in part, to the extent subscriptions are allotted by the Treasury:

3 $\frac{1}{2}$ percent Treasury Notes of Series B-1965; or

4 percent Treasury Notes of Series E-1965.

The books will be open only on November 1, 1965, for the receipt of subscriptions.

II. DESCRIPTION OF NOTES

1. The notes will be dated November 15, 1965, and will bear interest from that date at the rate of $4\frac{1}{4}$ percent per annum, payable semiannually on May 15 and November 15, 1966, and on May 15, 1967. They will mature May 15, 1967, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$1,000,000, \$100,000,000, and \$500,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing U.S. notes.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve banks and branches and at the Office of the Treasurer of the United States, Washington, D.C. 20220. Only the Federal Reserve banks and the Treasury Department are authorized to act as official agencies. Commercial banks, which for this purpose are defined as banks accepting demand deposits, may submit subscriptions for account of customers provided the names of the customers are set forth in such subscriptions. Others than commercial banks will not be permitted to enter subscriptions except for their own account. Subscriptions from commercial banks for their own account will be restricted in each case to an amount not exceeding 50 percent of the combined capital (not including capital notes or debentures), surplus and undivided profits of the subscribing bank. Subscriptions will be received without deposit from banking institutions for their own account, federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve banks and Government investment accounts. Subscriptions from all others must be accompanied by payment of deposits (in cash or in notes of the two issues enumerated in paragraph 1 of section I hereof, which will be accepted at par), not subject to withdrawal until after allotment, as follows:

- (1) 10 percent for subscriptions in an amount of \$200,000 or less, or
- (2) 2 percent for subscriptions in an amount in excess of \$200,000 with a minimum deposit of \$20,000.

Registered notes submitted as deposits should be assigned as provided in section V hereof. Following allotment, any portion of the 2 percent payment in excess of 2 percent of the amount of notes allotted may be released upon the request of the subscribers.

2. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's social security number or an employer identification number.

3. All subscribers are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any notes of this issue at a specific rate or price, until after midnight November 1, 1965.

4. Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

5. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, to allot less than the amount of notes applied for, and to make different percentage allotments to various classes of subscribers when he deems it to be in the public interest; and any action he may take in these respects shall be final. Subject to the exercise of that authority, subscriptions will be allotted:

- (1) in full if the subscription is for \$200,000 or less;
- (2) in full for any State, political subdivision or instrumentality thereof, public pension and retirement and other public fund, international organization in which the United States holds membership, foreign central bank and foreign State, Federal Reserve bank, or Government investment account that certifies in writing that at 4 p.m., e.d.s.t., October 27, 1965, it owned or had contracted to purchase for value notes

¹ Should more than one subscription be entered by or on behalf of the same subscriber all such subscriptions will be treated as one subscription for allotment purposes.

of the two issues enumerated in paragraph 1 of section I hereof, in an aggregate amount equal to or greater than the amount of its subscription (if the certification is not made, none of such subscriber's subscription shall be subject to a preferred full allotment except as provided in the preceding item (1)); or

- (3) on a percentage basis for all others, as publicly announced, but not less than \$200,000.

Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at 99.83 percent of their face value and accrued interest, if any, for notes allotted hereunder must be made or completed on or before November 15, 1965, or on later allotment. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number, as required by paragraph 2 of section III hereof, has not been furnished; provided, however, if a subscriber has applied for but is unable to furnish the identifying number by the payment date only because it has not been issued, he may elect to receive, pending the furnishing of the identifying number, interim receipts and in this case payment will be deemed to have been completed. In every case where full payment is not completed, the payment with application up to 2 percent of the amount of notes allotted shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Payment may be made for any notes allotted hereunder in cash or by exchange of notes of the two issues enumerated in paragraph 1 of section I hereof, which will be accepted at par. A cash adjustment will be made for the difference (\$1.70 per \$1,000) between the par value of maturing notes accepted in exchange and the issue price of the new notes. The payment will be made by check or by credit in any account maintained by a banking institution with the Federal Reserve bank of its district, following acceptance of the maturing notes. In the case of registered notes, the payment will be made in accordance with the assignments on the notes surrendered. When payment is made with notes in bearer form, coupons dated November 15, 1965, should be detached and cashed when due. When payment is made with registered notes, the final interest due on November 15, 1965, will be paid by issue of interest checks in regular course to holders of record on October 15, 1965, the date the transfer books closed.

V. ASSIGNMENT OF REGISTERED NOTES

1. Treasury Notes of Series B-1965 and Series E-1965 in registered form tendered as deposits and in payment for notes allotted hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department, in one of the forms hereafter set forth. Notes tendered in payment should be surrendered to a Federal Reserve bank or branch or to the Office of the Treasurer of the United States, Washington, D.C. 20220. The maturing notes must be delivered at the expense and risk of the holder. If the new notes are desired registered in the same name as the notes surrendered, the assignment should be to "The Secretary of the Treasury for 4¼ percent Treasury Notes of Series D-1967"; if the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for 4¼ percent Treasury Notes of Series D-1967 in the name of -----"; if new notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for 4¼ percent Treasury Notes of Series D-1967 in coupon form to be delivered to -----."

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve banks.

JOSEPH W. BARR,
Acting Secretary of the Treasury.

Summary of information pertaining to Treasury notes issued during the fiscal year 1966

Date of preliminary announcement	Department circular		Concurrent offering circular No.	Treasury notes issued for exchange or for cash	Date of issue	Date of maturity	Date subscription books closed	Allotment payment date on or before (or on later allotment)
	No.	Date						
1965 July 28	4-65	1965 July 29	5-65	4 percent Series C-1967 issued at 99.85 in exchange for— 3½ percent Series D-1965 notes maturing Aug. 13, 1965.	1965 Aug. 13	1967 Feb. 15	1965 Aug. 4	1965 Aug. 13
Oct. 27	6-65	Oct. 28	-----	4¼ percent Series D-1967 at 99.83 for cash ² -----	Nov. 15	May 15	Nov. 1	3 Nov. 15
1966 Jan. 26	2-66	1966 Jan. 27	3-66	4½ percent Series E-1967 issued at 99.875 in exchange for— 3½ percent Series B-1966 notes maturing Feb. 15, 1966; 3½ percent Series C-1966 notes maturing Feb. 15, 1966; 1½ percent Series EA-1966 notes maturing Apr. 1, 1966.	1966 Feb. 15	1966 Aug. 15	1966 Feb. 2	1966 Feb. 15
Jan. 26	3-66	Jan. 27	2-66	5 percent Series A-1970 issued in exchange for— 3½ percent Series B-1966 notes maturing Feb. 15, 1966 (100); 3½ percent Series C-1966 notes maturing Feb. 15, 1966 (100); 1½ percent Series EA-1966 notes maturing Apr. 1, 1966 (100); 4 percent Series D-1966 notes maturing May 15, 1966 (100.25); 3½ percent bonds maturing May 15, 1966 (100.30); 4 percent Series A-1966 notes maturing Aug. 15, 1966 (100.45); 3 percent bonds maturing Aug. 15, 1966 (100.90).	Feb. 15	1970 Nov. 15	Feb. 2	5 Feb. 15
Apr. 27	4-66	Apr. 28	-----	4½ percent Series F-1967 issued at 99.85 in exchange for— 4 percent Series D-1966 notes maturing May 15, 1966; 3½ percent bonds maturing May 15, 1966.	May 15	1967 Nov. 15	May 4	1 May 16

¹ Final coupons were detached from the maturing securities in bearer form and cashed when due. A cash payment of \$1.50 per \$1,000 (on account of the issue price of the notes) was made to subscribers.

² Holders of 3½ percent Treasury notes of Series B-1965 and 4 percent Treasury notes of Series E-1965 were not offered preemptive rights to exchange their holdings for the new notes. Payment for cash subscriptions allotted could be made in whole or in part by exchange at par of such notes.

³ See Department Circular No. 6-65 in this exhibit for provisions for subscription and payment.

⁴ Coupons dated Feb. 15, 1966, were detached from the notes of Series B-1966 and

C-1966 in bearer form and cashed when due. A cash payment of \$1.25 per \$1,000 (on account of the issue price of the notes) was made to subscribers exchanging notes of Series B-1966 and C-1966. In the case of the notes of Series EA-1966, coupons dated Apr. 1, 1966, were required to be attached and accrued interest from Oct. 1, 1965, to Mar. 15, 1966 (\$8.79945 per \$1,000), plus the payment on account of the issue price of the notes (\$1.25 per \$1,000) was credited and accrued interest from Feb. 15 to Mar. 15, 1966 (\$3.77072 per \$1,000) on the new notes was charged and the difference (\$4.27873 per \$1,000) was paid to subscribers.

⁵ See Department Circular No. 3-66 in this exhibit for provisions for subscription and payment.

Allotments of Treasury notes issued during the fiscal year 1966, by Federal Reserve districts

[In thousands]

Federal Reserve district	4-percent Series C-1967 notes issued in exchange for 3½-percent Series D-1965 Treasury notes maturing Aug. 13, 1965 ^{1 2}	4½-percent Series D-1967 notes ³	4½-percent Series E-1967 notes issued in exchange for ² —			Total issued
			3½-percent Series B-1966 Treasury notes maturing Feb. 15, 1966 ⁴	3½-percent Series C-1966 Treasury notes maturing Feb. 15, 1966 ⁴	1½-percent Series EA-1966 Treasury notes maturing Apr. 1, 1966 ⁴	
Boston.....	\$82,071	\$243,071	\$7,873	\$10,024	\$109	\$18,006
New York.....	4,005,001	7,675,376	166,876	1,298,372	136,761	1,602,009
Philadelphia.....	61,116	117,774	5,907	3,860	3,050	12,817
Cleveland.....	156,274	186,662	49,273	29,945	1,939	81,157
Richmond.....	51,943	120,789	14,172	11,955	361	26,488
Atlanta.....	93,342	205,497	46,816	20,519	88	67,423
Chicago.....	211,638	485,288	66,219	31,814	23,689	121,722
St. Louis.....	68,149	160,745	39,004	11,627	515	51,146
Minneapolis.....	31,723	94,296	7,918	3,308	100	11,326
Kansas City.....	56,209	151,061	18,724	8,292	1,422	28,438
Dallas.....	117,153	95,231	26,212	6,940	1,375	34,527
San Francisco.....	197,654	209,506	36,564	18,425	4,571	59,560
Treasury.....	18,414	2,920	1,578	1,164	5	2,747
Total note allotments.....	5,150,687	9,748,216	487,136	1,456,245	173,985	2,117,366
Exchanged in concurrent offerings.....	1,884,375	-----	1,470,132	1,019,358	350,076	2,839,566
Total exchanged.....	7,035,062	-----	1,957,268	2,475,603	524,061	4,956,932
Not submitted for exchange.....	233,237	-----	237,799	120,992	160,920	509,711
Total eligible for exchange.....	7,268,299	-----	2,195,067	2,596,595	674,981	5,466,643

Footnotes at end of table.

Allotments of Treasury notes issued during the fiscal year 1966, by Federal Reserve districts—Continued

[In thousands]

Federal Reserve district	5-percent Series A-1970 notes issued in exchange for ² —							Total issued
	3½-percent Series B-1966 Treasury notes maturing Feb. 15, 1966 ³	3½-percent Series C-1966 Treasury notes maturing Feb. 15, 1966 ³	1½-percent Series E A-1966 Treasury notes maturing Apr. 1, 1966 ³	4-percent Series D-1966 Treasury notes maturing May 15, 1966	3¾-percent Treasury bonds of 1966 maturing May 15, 1966	4-percent Series A-1966 Treasury notes maturing Aug. 15, 1966	3-percent Treasury bonds of 1966 maturing Aug. 15, 1966	
Boston.....	\$30,540	\$22,964	\$1,367	\$130,002	\$25,954	\$170,313	\$10,033	\$391,173
New York.....	967,908	817,806	285,315	383,266	177,109	823,174	81,411	3,535,989
Philadelphia.....	15,345	23,644	1,643	44,961	25,738	101,868	18,294	231,493
Cleveland.....	34,726	29,667	2,543	69,905	33,305	203,372	23,668	397,186
Richmond.....	31,938	5,755	9,070	36,267	22,074	66,345	9,764	181,153
Atlanta.....	31,843	16,589	2,553	53,599	41,498	128,813	27,566	302,461
Chicago.....	157,791	45,725	15,287	273,624	131,775	518,866	72,116	1,215,124
St. Louis.....	29,510	9,999	6,926	69,942	40,379	134,182	20,529	311,467
Minneapolis.....	15,446	10,123	11	30,391	35,617	116,838	14,459	222,885
Kansas City.....	21,527	15,428	1,931	64,561	52,439	144,829	20,613	321,328
Dallas.....	34,085	9,450	2,910	28,866	23,290	91,726	12,691	203,018
San Francisco.....	98,753	11,287	20,520	42,039	43,208	91,482	12,394	319,773
Treasury.....	720	921		2,685	4,579	32,840	692	42,437
Total note allotments.....	1,470,132	1,019,358	350,076	1,230,048	657,055	2,624,588	324,230	7,675,487
Exchanged in concurrent offerings.....	487,136	1,456,245	173,985					2,117,366
Total exchanged.....	1,957,268	2,475,603	524,061	1,230,048	657,055	2,624,588	324,230	9,792,853
Not submitted for exchange.....	237,799	120,992	150,020	8,288,894	1,030,493	8,435,880	700,172	18,965,150
Total eligible for exchange.....	2,195,067	2,596,595	674,081	9,518,942	1,687,548	11,060,468	1,024,402	28,758,003

Footnotes at end of table.

Allotments of Treasury notes issued during the fiscal year 1966, by Federal Reserve districts—Continued

[In thousands]

Federal Reserve district	4½ percent Series F-1967 issued in exchange for ² —		Total issued
	4 percent Series D-1966 Treasury notes maturing May 15, 1966	3¾ percent Treasury bonds of 1966 maturing May 15, 1966	
Boston.....	\$46,901	\$6,562	\$53,463
New York.....	7,016,405	483,292	7,499,697
Philadelphia.....	16,151	8,993	25,144
Cleveland.....	56,455	19,442	75,897
Richmond.....	16,612	4,050	20,662
Atlanta.....	31,964	16,940	48,904
Chicago.....	81,983	43,284	125,267
St. Louis.....	52,716	17,009	69,725
Minneapolis.....	17,285	11,420	28,705
Kansas City.....	21,023	15,406	36,429
Dallas.....	38,536	7,898	46,434
San Francisco.....	83,180	15,432	98,612
Treasury.....	6,015	111	6,126
Total note allotments.....	7,485,226	649,839	8,135,065
Exchanged in concurrent offerings.....			
Total exchanged.....	7,485,226	649,839	8,135,065
Not submitted for exchange.....	803,918	378,707	1,182,625
Total eligible for exchange.....	8,289,144	1,028,546	9,317,690

¹ 4-percent Treasury bonds of 1969 were also offered in exchange for the Series D-1965 notes.

² Subscriptions were allotted in full.

³ All subscriptions from States, political subdivisions, or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government investment accounts, and the Federal Reserve banks, for which the subscriber certified that it owned a like or greater amount of securities that could be used

in payment for the notes and all subscriptions in amount of \$200,000 and less were allotted in full as provided in the offering circular. Other subscriptions were allotted 48 percent, but not less than \$200,000 to any 1 subscriber.

⁴ 5-percent Treasury notes of Series A-1970 were also offered in exchange for this security.

⁵ 4¾-percent Treasury notes of Series E-1967 were also offered in exchange for this security.

Exhibit 3.—Treasury bonds

During the fiscal year 1966 there was one offering of bonds. The Treasury circular for the offering is reproduced in this exhibit. Following the circular is a listing showing final allotments of the bonds by Federal Reserve districts.

DEPARTMENT CIRCULAR NO. 5-65. PUBLIC DEBT

TREASURY DEPARTMENT,
Washington, July 29, 1965.

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers bonds of the United States, designated 4 percent Treasury Bonds of 1969, at 99.45 percent of their face value, in exchange for 3½ percent Treasury Notes of Series D-1965, maturing August 13, 1965. The cash payment due subscribers will be made as set forth in section IV hereof. The amount of this offering will be limited to the amount of eligible notes tendered in exchange. The books will be open only on August 2 through August 4, 1965, for the receipt of subscriptions.

2. In addition, holders of the maturing notes are offered the privilege of exchanging all or any part of them for 4 percent Treasury Notes of Series C-1967, which offering is set forth in Department Circular, Public Debt Series—No. 4-65, issued simultaneously with this circular.

II. DESCRIPTION OF BONDS

1. The bonds now offered will be identical in all respects with the 4 percent Treasury Bonds of 1969 issued pursuant to Department Circular, Public Debt Series—No. 13-62, dated July 30, 1962, except that interest will accrue from August 13, 1965. With this exception the bonds are described in the following quotation from Department Circular No. 13-62:

"1. The bonds will be dated August 15, 1962, and will bear interest from that date at the rate of 4 percent per annum, payable semiannually on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1969, and will not be subject to call for redemption prior to maturity.

"2. The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

"3. The bonds will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

"4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000, \$100,000, and \$1,000,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

"5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing U.S. bonds."

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve banks and branches and at the Office of the Treasurer of the United States, Washington, D.C. 20220. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve banks and the Treasury Department are authorized to act as official agencies.

2. All subscribers requesting registered bonds will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's social security number or an employer identification number.

3. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, and to allot less than the amount of bonds applied for when he deems it to be in the public interest; and any action he may take in these respects shall be final. Subject to the exercise of that authority, all subscriptions will be allotted in full.

IV. PAYMENT

1. Payment for the face amount of bonds allotted hereunder must be made on or before August 13, 1965, or on later allotment, and may be made only in a like face amount of 3½ percent Treasury Notes of Series D-1965, which should accompany the subscription. Payment will not be deemed to have been completed where registered bonds are requested if the appropriate identifying number, as required by paragraph 2 of section III hereof, has not been furnished; provided, however, if a subscriber has applied for but is unable to furnish the identifying number by the payment date only because it has not been issued, he may elect to receive, pending the furnishing of the identifying number, interim receipts and in this case payment will be deemed to have been completed. A cash payment will be made to subscribers in the amount of \$5.72099 per \$1,000, representing \$5.50 per \$1,000 on account of the issue price of the bonds and \$0.22099 per \$1,000 for accrued interest on the bonds from August 13 to August 15, 1965 (the bonds will be delivered without the August 15, 1965, coupon.) The payment will be made by check or by credit in any account maintained by a banking institution with the Federal Reserve bank of its district, following acceptance of the notes. In the case of registered notes, the payment will be made in accordance with the assignments on the notes surrendered. When payment is made with notes in bearer form, coupons dated August 13, 1965, should be detached and cashed when due. When payment is made with registered notes, the final interest due on August 13, 1965, will be paid by issue of interest checks in regular course to holders of record on July 13, 1965, the date the transfer books closed.

V. ASSIGNMENT OF REGISTERED NOTES

1. Treasury Notes of Series D-1965 in registered form tendered in payment for bonds offered hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be surrendered with the subscription to a Federal Reserve bank or branch or to the Office of the Treasurer of the United States, Washington, D.C. 20220. The notes must be delivered at the expense and risk of the holder. If the bonds are desired registered in the same name as the notes surrendered, the assignment should be to "The Secretary of the Treasury for exchange for 4 percent Treasury Bonds of 1969"; if the bonds are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 4 percent Treasury Bonds of 1969 in the name of -----"; if bonds in coupon form are desired, the assignment should be to "The Secretary of the Treasury for exchange for 4 percent Treasury Bonds of 1969 in coupon form to be delivered to -----."

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve banks.

HENRY H. FOWLER,
Secretary of the Treasury.

Allotments of Treasury bonds issued during fiscal 1966

Federal Reserve districts	Amounts
Boston.....	\$26,819,000
New York.....	1,429,003,000
Philadelphia.....	20,605,000
Cleveland.....	66,433,000
Richmond.....	9,640,000
Atlanta.....	18,193,000
Chicago.....	134,504,000
St. Louis.....	17,909,000
Minneapolis.....	11,886,000
Kansas City.....	11,487,000
Dallas.....	12,764,000
San Francisco.....	125,064,000
Treasury.....	68,000
Total allotments.....	1,884,375,000
Securities eligible for exchange:	
Exchanged in concurrent offering.....	5,150,687,000
Total exchanged.....	7,035,062,000
Not submitted for exchange.....	233,237,000
Total securities eligible for exchange.....	7,268,299,000

Treasury Bills Offered and Tenders Accepted**Exhibit 4.—Treasury bills**

During the fiscal year 1966 there were 53 weekly issues each of 13-week and 26-week Treasury bills (the 13-week bills represent additional issues of bills with an original maturity of 26 weeks), 12 1-year issues, and 4 issues of tax anticipation series. Three press releases inviting tenders, which are representative of the three types of bill issues, are reproduced in this exhibit as follows: tax anticipation series, November 12, 1965; weekly issues, May 11, 1966; and 1-year issues, May 18, 1966. Also reproduced is the press release of May 16, 1966, which is representative of the releases announcing the acceptance of tenders for all types of issues. Following the press releases is a summary table of data for each issue issued during the fiscal year.

PRESS RELEASE OF NOVEMBER 12, 1965

The Treasury Department, by this public notice, invites tenders for \$2,500,000,000, or thereabouts, of 210-day Treasury bills (to maturity date), to be issued November 24, 1965, on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated tax anticipation series and represent an additional amount of bills dated October 11, 1965, to mature June 22, 1966, originally issued in the amount of \$1,002,548,000. The additional and original bills will be freely interchangeable. They will be accepted at face value in payment of income taxes due on June 15, 1966, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1966, income taxes have the privilege of surrendering them to any Federal Reserve bank or branch or to the Office of the Treasurer of the United States, Washington, not more than 15 days before June 15, 1966, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1966, to the District Director of Internal Revenue for the District in which such taxes are payable. The bills will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$50,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve banks and branches up to the closing hour, 1:30 p.m., e.s.t., Wednesday, November 17, 1965. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g.,

99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve banks or branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this additional issue at a specific rate or price, until after 1:30 p.m., e.s.t., Wednesday, November 17, 1965.

Immediately after the closing hour, tenders will be opened at the Federal Reserve banks and branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for \$400,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve bank in cash or other immediately available funds on November 24, 1965, provided, however, any qualified depository will be permitted to make payment by credit in its Treasury tax and loan account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve bank of its district.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under sections 454(b) and 1221(5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418 (current revision) and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve bank or branch.

PRESS RELEASE OF MAY 11, 1966

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of \$2,300,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing May 19, 1966, in the amount of \$2,301,401,000, as follows:

91-day bills (to maturity date) to be issued May 19, 1966, in the amount of \$1,300,000,000, or thereabouts, representing an additional amount of bills dated February 17, 1966, and to mature August 18, 1966, originally issued in the amount of \$1,000,846,000, the additional and original bills to be freely interchangeable.

182-day bills, for \$1,000,000,000, or thereabouts, to be dated May 19, 1966, and to mature November 17, 1966.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$50,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve banks and branches up to the closing hour, 1:30 p.m., e.d.s.t., Monday, May 16, 1966. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve banks or branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve banks and branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for each issue for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve bank on May 19, 1966, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 19, 1966. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under sections 454(b) and 1221(5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed, or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418 (current revision) and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve bank or branch.

PRESS RELEASE OF MAY 18, 1966

The Treasury Department, by this public notice, invites tenders for \$1,000,000-, 000, or thereabouts, of 365-day Treasury bills, for cash and in exchange for Treasury bills maturing May 31, 1966, in the amount of \$1,000,886,000, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated May 31, 1966, and will mature May 31, 1967, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$50,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve banks and branches up to the closing hour, 1:30 p.m., e.d.s.t., Wednesday, May 25, 1966. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. (Notwithstanding the fact that these bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve banks or branches on application therefor.

Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve banks and branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve bank on May 31, 1966, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 31, 1966. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under sections 454(b) and 1221(5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418 (current revision) and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve bank or branch.

PRESS RELEASE OF MAY 16, 1966

The Treasury Department announced that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated February 17, 1966, and the other series to be dated May 19, 1966, which were offered on May 11, 1966, were opened at the Federal Reserve banks today. Tenders were invited for \$1,300,000,000, or thereabouts, of 91-day bills and for \$1,000,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

Range of accepted competitive bids	91-day Treasury bills maturing Aug. 18, 1966		182-day Treasury bills maturing Nov. 17, 1966	
	Price	Approximate equivalent annual rate	Price	Approximate equivalent annual rate
High.....	98.836	4.605%	97.568	4.811%
Low.....	² 98.827	4.640%	³ 97.556	4.834%
Average.....	98.831	⁴ 4.626%	97.562	⁴ 4.823%

¹ Excepting 1 tender of \$800,000.

² 75% of the amount of 91-day bills bid for at the low price was accepted.

³ 42% of the amount of 182-day bills bid for at the low price was accepted.

⁴ These rates are on a bank discount basis. The equivalent coupon issue yields are 4.75% for the 91-day bills, and 5.01% for the 182-day bills.

Total tenders applied for and accepted by Federal Reserve districts

District	Applied for	Accepted	Applied for	Accepted
Boston.....	\$22,070,000	\$12,070,000	\$5,415,000	\$5,415,000
New York.....	1,515,902,000	876,902,000	1,349,677,000	745,257,000
Philadelphia.....	33,140,000	21,140,000	12,457,000	4,457,000
Cleveland.....	29,898,000	29,898,000	50,463,000	29,663,000
Richmond.....	18,154,000	18,154,000	3,820,000	3,820,000
Atlanta.....	40,399,000	36,524,000	32,901,000	19,953,000
Chicago.....	265,371,000	136,021,000	290,071,000	94,369,000
St. Louis.....	44,226,000	36,151,000	25,167,000	15,611,000
Minneapolis.....	18,604,000	16,904,000	11,008,000	10,007,000
Kansas City.....	27,689,000	27,689,000	13,057,000	13,057,000
Dallas.....	23,241,000	14,991,000	12,129,000	7,549,000
San Francisco.....	83,462,000	73,962,000	82,668,000	51,263,000
Totals.....	2,122,156,000	¹ 1,300,406,000	1,888,833,000	² 1,000,421,000

¹ Includes \$257,916,000 noncompetitive tenders accepted at the average price of 98.831.

² Includes \$136,311,000 noncompetitive tenders accepted at the average price of 97.562.

Summary of information pertaining to Treasury bills issued during the fiscal year 1966

[Dollar amounts in thousands]

Date of issue	Date of maturity	Days to maturity ¹	Maturity value						Prices and rates						Amount maturing on issue date of new offering	
			Total applied for	Tenders accepted				Total bids accepted		Competitive bids accepted						
				Total accepted	On competitive basis	On non-competitive basis	For cash	In exchange	Average price per hundred	Equivalent average rate (percent)	High		Low			
											Price per hundred	Equivalent rate (percent)	Price per hundred	Equivalent rate (percent)		
REGULAR WEEKLY																
1965																
uly	1	Sept. 30, 1965	91	\$2,043,357	\$1,200,397	\$971,752	\$228,645	\$987,322	\$213,075	99.043	3.785	99.047	3.770	99.036	3.802	\$1,200,166
	1	Dec. 30, 1965	182	1,883,898	1,000,158	911,041	89,117	847,626	152,532	98.067	3.826	98.070	3.818	98.061	3.835	1,001,977
	8	Oct. 7, 1965	91	1,932,861	1,201,403	976,189	225,214	952,397	249,006	99.026	3.853	99.030	3.837	99.022	3.869	1,201,819
	8	Jan. 6, 1966	182	1,824,074	1,000,904	927,928	72,976	878,459	122,415	98.033	3.890	98.038	3.881	98.029	3.899	1,003,362
	15	Oct. 14, 1965	91	2,147,303	1,201,816	887,803	314,013	984,411	217,405	99.018	3.884	99.026	3.853	99.017	3.889	1,200,668
	15	Jan. 13, 1966	182	1,627,833	1,000,711	889,318	111,393	888,242	112,469	98.012	3.933	98.019	3.918	98.008	3.940	1,001,067
	22	Oct. 21, 1965	91	2,129,253	1,201,954	932,084	269,870	968,826	233,128	99.031	3.833	99.034	3.822	99.030	3.837	1,201,554
	22	Jan. 20, 1966	182	2,193,084	1,004,637	913,295	91,342	852,176	152,461	98.022	3.913	98.024	3.909	98.021	3.915	1,001,051
	29	Oct. 28, 1965	91	2,036,073	1,200,953	957,512	243,441	944,833	256,120	99.039	3.803	99.042	3.790	99.036	3.814	1,201,098
	29	Jan. 27, 1966	182	1,669,935	1,000,586	915,976	84,610	848,338	152,248	98.042	3.873	98.046	3.865	98.039	3.879	1,003,233
Aug.	5	Nov. 4, 1965	91	2,031,375	1,201,399	949,170	252,229	942,277	259,122	99.031	3.832	99.037	3.810	99.028	3.845	1,200,536
	5	Feb. 3, 1966	182	1,634,095	1,000,955	916,640	84,315	849,056	151,899	98.015	3.927	98.028	3.901	98.008	3.940	1,003,580
	12	Nov. 12, 1965	92	2,062,498	1,200,975	944,272	256,703	1,051,503	149,472	99.017	3.846	99.021	3.831	99.014	3.858	1,200,969
	12	Feb. 10, 1966	182	2,000,182	1,000,124	908,952	91,172	897,699	102,425	98.004	3.948	98.010	3.936	98.002	3.952	1,001,236
	19	Nov. 18, 1965	91	1,974,195	1,200,780	945,972	254,808	968,458	232,322	99.036	3.813	99.041	3.794	99.033	3.825	1,200,891
	19	Feb. 17, 1966	182	1,691,901	1,000,551	900,902	99,649	847,720	152,831	98.017	3.923	98.023	3.911	98.012	3.932	1,000,358
	26	Nov. 26, 1965	92	2,174,521	1,200,411	965,063	235,348	962,574	237,837	99.015	3.855	99.019	3.839	99.013	3.862	1,199,660
	26	Feb. 24, 1966	182	1,752,424	1,000,381	913,759	86,622	833,869	166,512	98.001	3.955	98.012	3.932	97.997	3.962	1,003,386
Sept.	2	Dec. 2, 1965	91	2,142,515	1,203,375	960,613	242,762	951,094	252,281	99.018	3.886	99.022	3.860	99.015	3.897	1,202,352
	2	Mar. 3, 1966	182	1,626,433	1,000,459	904,956	95,503	837,817	162,642	97.983	3.990	97.988	3.980	97.978	4.000	1,000,299
	9	Dec. 9, 1965	91	2,205,791	1,201,854	952,993	248,861	1,060,691	141,163	99.015	3.898	99.023	3.865	99.011	3.913	1,200,254
	9	Mar. 10, 1966	182	2,104,742	1,000,375	906,839	93,536	921,182	79,193	97.966	4.024	97.978	4.000	97.961	4.033	1,000,355
	16	Dec. 16, 1965	91	2,381,828	1,201,087	897,261	303,826	1,159,456	41,631	99.018	3.886	99.020	3.877	99.016	3.893	1,200,670
	16	Mar. 17, 1966	182	1,943,710	1,005,460	889,224	116,236	950,223	55,237	97.962	4.031	97.970	4.015	97.958	4.039	1,002,526
	23	Dec. 23, 1965	91	2,119,996	1,200,586	932,559	268,027	1,054,220	146,366	99.013	3.905	97.017	3.889	99.010	3.916	1,205,281
	23	Mar. 24, 1966	182	1,858,291	1,000,491	888,923	111,568	875,412	125,079	97.943	4.069	97.949	4.057	97.940	4.075	1,000,457
	30	Dec. 30, 1965	91	1,794,829	1,199,849	936,192	263,657	1,049,903	149,946	98.993	3.987	98.998	3.964	98.984	4.019	1,200,397
	30	Mar. 31, 1966	182	1,548,593	999,818	877,684	122,134	870,993	128,825	97.911	4.133	97.917	4.120	97.903	4.148	1,002,063

Footnotes at end of table.

Summary of information pertaining to Treasury bills issued during the fiscal year 1966—Continued

(Dollar amounts in thousands)

Date of issue	Date of maturity	Days to maturity ¹	Maturity value					Prices and rates						Amount maturing on issue date of new offering	
			Total applied for	Tenders accepted					Total bids accepted		Competitive bids accepted				
				Total accepted	On competitive basis	On non-competitive basis	For cash	In exchange			High		Low		
									Price per hundred	Equivalent rate (percent)	Price per hundred	Equivalent rate (percent)			

REGULAR WEEKLY—Continued

1966	1966														
Oct. 7	Jan. 6	91	\$2,155,532	\$1,201,319	\$957,505	\$243,814	\$1,022,891	\$178,428	98.976	4.050	*98.981	4.031	98.972	4.067	\$1,201,403
7	Apr. 7	182	1,993,449	1,001,464	886,054	115,410	857,726	143,738	97.876	4.301	*97.884	4.185	97.870	4.213	1,001,261
14	Jan. 13	91	1,983,774	1,199,844	886,176	313,668	1,084,591	115,253	98.987	4.006	98.992	3.988	98.983	4.023	1,201,816
14	Apr. 14	182	2,005,932	998,759	855,859	142,900	924,912	73,847	97.887	4.181	97.892	4.170	97.884	4.185	1,000,699
21	Jan. 20	91	2,023,141	1,200,445	937,047	263,398	1,038,808	161,637	98.980	4.034	98.984	4.019	98.977	4.047	1,201,954
21	Apr. 21	182	2,243,323	1,002,628	866,224	136,404	847,109	155,519	97.870	4.214	*97.875	4.203	97.867	4.219	1,001,522
28	Jan. 27	91	1,966,929	1,200,119	956,792	243,327	1,064,612	135,507	98.979	4.040	*98.983	4.023	98.976	4.051	1,200,953
28	Apr. 28	182	2,344,924	1,001,010	882,505	118,505	877,170	123,840	97.881	4.192	97.885	4.184	97.879	4.195	1,003,275
Nov. 4	Feb. 3	91	2,139,816	1,201,230	946,587	254,643	1,016,542	184,688	98.968	4.082	*98.979	4.039	98.966	4.091	1,201,399
4	May 5	182	1,843,585	1,000,131	876,920	123,211	846,620	153,511	97.867	4.219	*97.872	4.209	97.864	4.225	1,000,414
12	Feb. 10	90	1,960,559	1,200,811	943,796	257,015	1,041,516	159,295	98.989	4.045	98.994	4.024	98.985	4.060	1,200,975
12	May 12	181	1,916,789	1,000,027	874,379	125,648	919,562	80,465	97.878	4.221	97.886	4.205	97.874	4.229	1,000,857
18	Feb. 17	91	2,058,182	1,201,102	953,159	247,943	1,059,535	141,567	98.964	4.097	*98.971	4.071	98.963	4.102	1,200,778
18	May 19	182	2,099,568	1,000,958	877,375	123,583	924,732	76,226	97.847	4.259	*97.854	4.245	97.845	4.263	1,001,780
26	Feb. 24	90	1,907,877	1,200,475	970,766	229,709	1,007,496	192,979	98.974	4.104	98.980	4.080	98.970	4.120	1,200,411
26	May 26	181	2,004,135	1,001,322	892,436	108,886	877,678	123,644	97.862	4.253	97.865	4.246	97.859	4.258	1,000,785
Dec. 2	Mar. 3	91	1,864,728	1,200,798	963,227	237,571	981,387	219,411	98.960	4.115	*98.966	4.091	98.957	4.126	1,203,375
2	June 2	182	1,784,078	1,000,153	887,758	112,395	837,224	162,929	97.852	4.249	*97.856	4.241	97.848	4.257	1,001,177
9	Mar. 10	91	2,359,325	1,201,750	949,953	251,797	1,023,424	178,326	98.902	4.344	*98.910	4.312	98.895	4.371	1,201,854
9	June 9	182	2,133,688	1,000,088	875,026	125,062	895,344	104,744	97.741	4.468	*97.756	4.439	97.731	4.488	1,000,294
16	Mar. 17	91	2,058,764	1,201,144	921,267	279,877	1,119,816	81,328	98.890	4.391	*98.898	4.360	98.884	4.415	1,201,087
16	June 16	182	1,784,093	1,000,503	867,992	132,511	945,438	55,065	97.698	4.553	*97.716	4.518	97.685	4.579	1,001,469
23	Mar. 24	91	2,309,376	1,208,256	988,321	219,935	1,062,745	145,511	98.861	4.505	98.875	4.451	98.857	4.522	1,200,586
23	June 23	182	2,382,459	1,003,298	887,648	115,650	944,006	59,292	97.628	4.692	*97.640	4.668	97.622	4.704	1,001,519
30	Mar. 31	91	1,940,293	1,200,592	941,228	259,364	1,188,049	12,543	98.873	4.457	98.880	4.431	98.867	4.482	1,199,849
30	June 30	182	2,064,462	1,001,132	874,479	126,653	946,884	54,248	97.647	4.655	97.652	4.644	97.643	4.662	1,000,158

[illegible]

Footnotes at end of table.

Summary of information pertaining to Treasury bills issued during the fiscal year 1966—Continued

(Dollar amounts in thousands)

Date of issue	Date of maturity	Days to maturity ¹	Maturity value					Prices and rates						Amount maturing on issue date of new offering	
			Total applied for	Tenders accepted				Total bids accepted		Competitive bids accepted					
				Total accepted	On competitive basis	On non-competitive basis	For cash	In exchange	Average price per hundred	Equivalent average rate (percent)	High		Low		
											Price per hundred	Equivalent rate (percent)	Price per hundred		Equivalent rate (percent)

TAX ANTICIPATION

1965	1966													
Oct. 11	Mar. 22	162	\$4,051,587	\$3,009,402	\$2,564,490	\$444,912	\$3,009,402	-----	98.298	3.783	² 98.318	3.738	98.273	3.838
Aug. 11	June 22	254	2,209,411	1,002,548	801,437	201,111	1,002,548	-----	97.221	3.941	² 97.260	3.883	97.206	3.960
Nov. 24	June 22	210	5,164,469	2,513,229	2,040,955	472,274	2,513,229	-----	97.623	4.075	² 97.638	4.049	97.616	4.087
Jan. 5	June 22	168	3,647,462	1,006,646	770,308	236,338	1,006,646	-----	98.002	4.281	² 98.008	4.269	97.999	4.288

ONE-YEAR

1965	1966														
July 31	July 31	365	\$1,714,515	\$1,000,247	\$969,207	\$31,040	\$863,493	\$136,754	96.072	3.875	96.086	3.860	96.065	3.881	\$1,000,462
Aug. 31	Aug. 31	365	1,927,027	1,000,277	966,093	34,184	861,992	138,285	95.938	4.006	² 95.950	3.995	95.931	4.013	1,000,439
Sept. 30	Sept. 30	365	2,969,888	1,000,499	943,371	57,128	873,263	127,236	95.705	4.236	95.722	4,219	95.698	4.243	1,000,539
Oct. 31	Oct. 31	365	2,304,315	999,948	950,932	49,016	846,067	153,881	95.750	4.192	² 95.758	4.184	95.745	4.197	999,950
Nov. 30	Nov. 30	365	1,948,505	1,000,580	954,571	46,009	933,066	67,514	95.664	4.277	95.681	4.260	95.652	4.288	1,000,542
Dec. 31	Dec. 31	365	2,720,463	1,001,028	948,535	52,493	951,570	49,458	95.203	4.731	² 95.215	4.719	95.197	4.737	1,002,951
Jan. 31	Jan. 31	365	1,917,312	1,001,391	944,705	56,686	817,220	184,171	95.236	4.699	² 95.250	4.685	95.225	4.710	1,000,387
Feb. 28	Feb. 28	365	1,771,312	1,000,172	967,000	33,172	875,037	125,135	94.986	4.945	95.007	4.925	94.974	4.957	1,000,705
Mar. 31	Mar. 31	365	1,571,016	1,000,026	956,659	43,367	924,077	75,949	95.195	4.739	² 95.215	4.719	95.155	4.779	1,000,304
Apr. 30	Apr. 30	365	1,834,421	1,000,731	961,243	39,488	810,856	189,875	95.161	4.773	95.184	4.750	95.144	4.789	1,001,162
May 31	May 31	365	2,012,684	1,001,208	963,030	38,178	802,616	198,592	94.965	4.966	94.986	4.945	94.951	4.980	1,000,886
June 30	June 30	365	1,568,643	1,001,443	953,880	47,563	949,720	51,723	95.238	4.697	95.306	4.630	95.138	4.795	1,000,612

¹ The 13-week bills are additional issues of bills with an original maturity of 26 weeks, except that when the date of maturity of either a 13-week or 26-week issue is on the last day of a month the bills are additional issues of bills with an original maturity of 1 year.

² Relatively small amounts of bids were accepted at a price or prices somewhat above the high shown. However, the higher price or prices are not shown in order to prevent an appreciable discontinuity in the range (covered by the high to the low prices shown) which would make it misrepresentative.

Note.—The usual timing with respect to weekly issues of Treasury bills is: Press release inviting tenders, 8 days before date of issue; and closing date for the receipt of tenders and press release announcing results of auction, 3 days before date of issue.

Figures are final and may differ from those shown in the press release announcing preliminary results.

For each issue noncompetitive tenders (without stated price) for \$200,000 or less from any 1 bidder were accepted in full at the average price of accepted competitive bids, except that for the 162-day and 210-day tax anticipation series the maximum amount was \$400,000.

All equivalent rates of discount are on a bank-discount basis.

Qualified depositories were permitted to make payment by credit in Treasury tax and loan accounts for each of the 4 issues of tax anticipation series allotted to them for themselves and their customers up to any amount for which they were qualified in excess of existing deposits when so notified by the Federal Reserve bank of their district.

Guaranteed Debentures Called

Exhibit 5.—Call for partial redemption, before maturity, of insurance fund debentures

During the fiscal year 1966, there was one call for partial redemption, before maturity, of insurance fund debentures. The notice of call was dated September 21, 1965, and was published in the *Federal Register* of September 29, 1965. A copy of the notice follows.

NOTICE OF CALL TO HOLDERS OF $4\frac{1}{8}$ PERCENT MUTUAL MORTGAGE INSURANCE FUND DEBENTURES, SERIES AA, FOR PARTIAL REDEMPTION, BEFORE MATURITY, AS DESIGNATED BELOW:

Pursuant to the authority conferred by the National Housing Act (48 Stat. 1246; U.S.C., title 12, sec. 1701 *et seq.*) as amended, public notice is hereby given that Mutual Mortgage Insurance Fund Debentures, Series AA, bearing interest at $4\frac{1}{8}$ percent as designated below are hereby called for redemption, at par and accrued interest, on January 1, 1966, on which date interest on such debentures shall cease:

 $4\frac{1}{8}$ Percent Mutual Mortgage Insurance Fund Debentures, Series AA

<i>Denomination</i>	<i>Range of inclusive serial numbers within which called debentures fall</i>
\$50.....	70,648 to 70,851 and 70,853 to 70,933 and 70,935 to 70,987 and 70,989 to 80,720
100.....	500,590 to 501,033 and 501,039 to 501,903 and 501,907 to 502,031 and 502,033 to 503,039 and 503,042 to 578,405 and 578,826
500.....	124,973 to 125,080 and 125,082 to 125,218 and 125,220 to 144,234
1,000.....	380,825 to 381,008 and 381,011 to 381,616 and 381,622 to 381,765 and 381,767 and 381,769 to 382,388 and 382,390 to 382,569 and 382,572 to 438,062 and 438,616
5,000.....	74,228 to 74,267 and 74,269 to 84,546
10,000.....	62,746 to 62,872 and 62,874 to 62,926 and 62,928 to 63,042 and 63,044 to 63,231 and 63,233 to 72,336

Although the above inclusive serial numbers include Series AA debentures bearing other rates, only those bearing interest at the rate of $4\frac{1}{8}$ percent, listed above, are included in this call, together with certain other debentures bearing the same rate and registered in the name of the Federal National Mortgage Association.

No transfers or denominational exchanges in debentures covered by the foregoing call will be made on the books maintained by the Treasury Department on or after October 1, 1965. This does not affect the right of the holder of a debenture to sell and assign the debenture on or after October 1, 1965, and provision will be made for the payment of final interest due on January 1, 1966, with the principal thereof to the actual owner, as shown by the assignments thereon.

The Commissioner of the Federal Housing Administration hereby offers to purchase any debentures included in this call at any time from October 1, 1965, to December 31, 1965, inclusive, at par and accrued interest, to date of purchase.

Instructions for the presentation and surrender of debentures for redemption on or after January 1, 1966, or for purchase prior to that date will be given by the Secretary of the Treasury.

P. N. BROWNSTEIN,
Federal Housing Commissioner.

APPROVED: SEPTEMBER 22, 1965.

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.

Final 6 months' interest will be paid with principal at the rate of \$20.625 per \$1,000 on debentures redeemed on January 1, 1966.

Debentures purchased between October 1, 1965, and January 1, 1966, will have interest paid with principal from July 1, 1965, to date of purchase, at \$0.112092391 per day for each \$1,000.

Regulations

Exhibit 6.—Seventh Revision, March 18, 1966, of Department Circular
No. 653, U.S. savings bonds, Series ETREASURY DEPARTMENT,
Washington, March 18, 1966.

Department Circular No. 653, Sixth Revision, dated December 23, 1964, and the tables incorporated therein (31 CFR 316), are hereby further amended and issued as the Seventh Revision.

AUTHORITY: Sections 316.1 to 316.14 issued under authority of sections 22 and 25 of the Second Liberty Bond Act, as amended, 49 Stat. 21, as amended, and 73 Stat. 621 (31 U.S.C. 757c, 757c-1).

Sec. 316.1. Offering of bonds.—The Secretary of the Treasury hereby offers for sale to the people of the United States, United States savings bonds of Series E, hereinafter generally referred to as Series E bonds. This offering of bonds will continue until terminated by the Secretary of the Treasury.

Sec. 316.2 Description of bonds.—(a) *General.*—Series E bonds bear a facsimile of the signature of the Secretary of the Treasury and of the Seal of the Treasury Department. They are issued only in registered form and are nontransferable.

(b) *Denominations and prices.*—Series E bonds are issued on a discount basis at 75 percent of their face values. The denominations and issue prices are:

<i>Denomination (face value)</i>	<i>Issue (purchase) price</i>
\$25-----	\$18. 75
50-----	37. 50
75-----	56. 25
100-----	75. 00
200-----	150. 00
500-----	375. 00
1,000-----	750. 00
10,000-----	7,500. 00
100,000 ¹ -----	75,000. 00

¹ The \$100,000 denomination is available only for purchase by trustees of employees' savings and savings and vacation plans (see sec. 316.5(c)).

(c) *Inscription and issue.*—At the time of issue the issuing agent will (1) inscribe on the face of each Series E bond the name and address of the owner, and the name of the beneficiary, if any, or the name and address of the first named coowner and the name of the other coowner, (2) enter in the upper right-hand portion of the bond the issue date, and (3) imprint the agent's dating stamp in the lower right-hand portion to show the date the bond is actually inscribed. A Series E bond shall be valid only if an authorized issuing agent receives payment therefor and duly inscribes, dates, stamps, and delivers it in accordance with the purchaser's instructions. The Treasury Department may require, without prior notice, that the appropriate taxpayer identifying number, as required on tax returns and other documents submitted to the Internal Revenue Service, be furnished for inclusion in the inscription.

(d) *Term.*—A Series E bond shall be dated as of the first day of the month in which payment of the issue price is received by an agent authorized to issue such bonds. This date is the issue date and the bond will mature and be payable at face value 7 years from such issue date. The bond may not be called for redemption by the Secretary of the Treasury prior to maturity or the end of any extended maturity period (see sec. 316.8(a)(1)). It may be redeemed at the owner's option at any time after 2 months from issue date at fixed redemption values; however, the Treasury Department may require reasonable notice of presentation for redemption prior to maturity or extended maturity.

(e) *Investment yield (interest).*—The investment yield (interest) on a Series E bond will be approximately 4.15 percent per annum compounded semiannually, if the bond is held to maturity; ¹ but the yield will be less if the bond is redeemed prior to maturity. The interest will be paid as a part of the redemption value. For the first 6 months from issue date the bond will be redeemable only at issue

¹ Under authority of section 25, 73 Stat. 621 (31 U.S.C. 757c-1), the President of the United States on Feb. 16, 1966, concluded that with respect to Series E bonds it was necessary in the national interest to exceed the maximum interest rate and investment yield prescribed by section 22 of the Second Liberty Bond Act, as amended (31 U.S.C. 757c).

price. Thereafter, its redemption value will increase at the beginning of each successive half-year period (see table 1).

(f) *Bonds with issue dates December 1, 1965, or thereafter.*—Series E bonds with issue dates of December 1, 1965, or thereafter, are deemed to be Series E bonds issued under the terms of this circular and the investment yield and shorter term of maturity provided for in subsections (d) and (e), above, are applicable to such bonds. Series E bond stock on sale prior to December 1, 1965, will be used for issue under this circular until such time as new stock is printed and supplied to issuing agents. Such bonds have THE NEW INVESTMENT YIELD AND REDEMPTION VALUES AND ALL OTHER PRIVILEGES AS FULLY AS IF EXPRESSLY SET FORTH IN THE TEXT OF THE BONDS. It will be unnecessary for owners to exchange bonds issued on the old stock for bonds on the new stock as all paying agents will redeem the bonds in accordance with the schedule of redemption values set forth in Table 1. However, when the new stock becomes available, issuance on the new stock may be obtained by presentation for that purpose of bonds issued on the old stock to any Federal Reserve bank or branch, or to the Treasurer of the United States, Securities Division, Washington, D.C. 20220.

Sec. 316.3. *Governing regulations.*—Series E bonds are subject to the regulations of the Treasury Department, now or hereafter prescribed, governing United States savings bonds, contained in Department Circular No. 530, current revision (31 CFR 315).¹

Sec. 316.4. *Registration.*—(a) *General.*—Generally, only residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, the Canal Zone and citizens of the United States temporarily residing abroad are eligible to be named as owners of Series E bonds. The bonds may be registered in the names of natural persons in their own right as provided in (b) of this section, and in the names and titles or capacities of fiduciaries and organizations as provided in (c) of this section. Full information regarding authorized forms of registration and restrictions with respect thereto will be found in the governing regulations.

(b) *Natural persons in their own right.*—The bonds may be registered in the names of natural persons (whether adults or minors) in their own right, in single ownership, coownership, and beneficiary forms.

(c) *Others.*—The bonds may be registered in single ownership form in the names of fiduciaries and private and public organizations, as follows:

(1) *Fiduciaries.*—In the names of and showing the titles or capacities of any persons or organizations, public or private, as fiduciaries (including trustees, legal guardians or similar representatives, and certain custodians), but not where the fiduciary would hold the bonds merely or principally as security for the performance of a duty, obligation or service.

(2) *Private and public organizations.*—In the names of private or public organizations (including private corporations, partnerships, and unincorporated associations, and States, counties, public corporations, and other public bodies) in their own right, but not in the names of commercial banks.²

Sec. 316.5. *Limitation on holdings.*—The amount of Series E bonds originally issued during any one calendar year that may be held by any one person, at any one time, computed in accordance with the governing regulations, is limited, as follows:

(a) *General limitation.*—\$10,000 (face value) for the calendar year 1959 and each calendar year thereafter.

(b) *Special limitation for owners of savings bonds of Series F, G, J, and K.*—Owners, except commercial banks² in their own right (as distinguished from a representative or fiduciary capacity), of outstanding bonds of Series F and G, all of which are now matured, and bonds of Series J and K, at or after maturity, may purchase Series E bonds with the proceeds of redemption without regard to the general limitation on holdings, under the following conditions and restrictions:

(1) The bonds must be presented to a Federal Reserve bank or branch or the Office of the Treasurer of the United States, Securities Division, Washington, D.C. 20220, for the specific purpose of taking advantage of this privilege. The Series E bonds will be dated as of the first day of the month in which the bonds presented are received by the agency.

(2) Series E bonds may be purchased with the proceeds of the bonds presented only up to the denominational amounts that the proceeds thereof will fully cover.

¹ Copies may be obtained from any Federal Reserve bank or branch, or the Bureau of the Public Debt, Washington, D.C. 20220, or its Chicago office, 536 South Clark St., Chicago, Ill. 60605.

² Commercial banks, as defined in section 315.7(c)(1) of Department Circular No. 530, current revision, for this purpose are those accepting demand deposits.

Any difference between such proceeds and the purchase price of the Series E bonds will be paid to the owner.

(3) The Series E bonds will be registered in the name of the owner in any authorized form of registration, subject to the restrictions prescribed by the governing regulations.

(4) This privilege will continue until terminated by the Secretary of the Treasury.

(c) *Special limitation for employees' savings plans.*—\$2,000 (face value) multiplied by the highest number of participants in any employees' savings plan, as defined in (1) of this subsection, at any time during the year in which the bonds are issued.¹

(1) *Definition of plan and conditions of eligibility.*—

(i) The employees' savings plan must have been established by the employer for the exclusive and irrevocable benefit of his employees or their beneficiaries, afford employees the means of making regular savings from their wages through payroll deductions, and provide for employer contributions to be added to such savings.

(ii) The entire assets thereof must be credited to the individual accounts of participating employees and assets credited to the account of an employee may be distributed only to him or his beneficiary, except as otherwise provided herein.

(iii) Series E bonds may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares therein are credited to the accounts of the individuals from which the purchase price thereof was derived, in amounts corresponding with their shares. For example, if \$37.50 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of \$7,500, with which a Series E bond in the denomination of \$10,000 (face value) is purchased in February 1966 and registered in the name and title of the trustee, the plan must provide, in effect, that John Jones' account shall be credited to show that he is the owner of a Series E bond in the denomination of \$50 (face value) bearing issue date of February 1, 1966.

(iv) Each participating employee shall have an irrevocable right at any time to demand and receive from the trustee all assets credited to his account or the value thereof, if he so prefers, without regard to any condition other than the loss or suspension of the privilege of participating further in the plan. However, a plan will not be deemed to be inconsistent herewith if it limits or modifies the exercise of any such right by providing that the employer's contribution does not vest absolutely until the employee shall have made contributions under the plan in each of not more than 60 calendar months succeeding the month for which the employer's contribution is made.

(v) Upon the death of an employee, his beneficiary shall have the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee, or the value thereof, if he so prefers.

(vi) When settlement is made with an employee or his beneficiary with respect to any Series E bond registered in the name and title of the trustee in which the employee has a share (see (ii) and (iii) hereof), the bond must be submitted for redemption or reissue to the extent of such share. If an employee or his beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the distributee to the extent to which he is entitled, in authorized denominations, in any authorized form of registration, upon the request and certification of the trustee in accordance with the governing regulations.

(2) *Definition of terms used in this subsection—related provisions.*—

(i) The term "savings plan" includes any regulations issued under the plan with regard to Series E bonds. A trustee desiring to purchase bonds in excess of the general limitation in any calendar year should submit to the Federal Reserve bank of the district, a copy of (A) the plan, (B) any such regulations, and (C) the trust agreement, all certified to be true copies, in order to establish his eligibility.

(ii) The term "assets" means all funds, including the employees' contributions and employer's contributions and assets purchased therewith as well as accretions thereto, such as dividends on stock, the increment in value on bonds and all other income; but notwithstanding any other provision of

¹ Savings and vacation plans may be eligible for this special limitation. Questions concerning eligibility of such plans should be addressed to the Bureau of the Public Debt, Division of Loans and Currency Branch, 536 South Clark St., Chicago, Ill. 60605.

this subsection, the right to demand and receive "all assets" credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such distribution; for example, Series E bonds may not be reissued in unauthorized denominations, and fractional shares of stock are not readily distributable in kind.

(iii) The term "beneficiary" means the person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the trust upon his death or the estate of the employee, and the term "distributee" means the employee or his beneficiary.

Sec. 316.6. *Purchase of bonds.*—Series E bonds may be purchased, as follows:

(a) *Over-the-counter for cash.*

(1) *Bonds registered in names of natural persons in their own right only.*—At such incorporated banks, trust companies, and other agencies as have been duly qualified as issuing agents and at selected United States post offices.

(2) *Bonds registered in all authorized forms.*—At Federal Reserve banks and branches and at the Office of the Treasurer of the United States, Securities Division, Washington, D.C. 20220.

(b) *On mail order.*—By mail upon application to any Federal Reserve bank or branch or to the Office of the Treasurer of the United States, Securities Division, Washington, D.C. 20220, accompanied by a remittance to cover the issue price. Any form of exchange, including personal checks, will be accepted subject to collection. Checks or other forms of exchange should be drawn to the order of the Federal Reserve bank or the Treasurer of the United States, as the case may be. Checks payable by endorsement are not acceptable. Any depository qualified pursuant to the provisions of Treasury Department Circular No. 92, current revision (31 CFR 203), will be permitted to make payment by credit for bonds applied for on behalf of its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve bank of its district.

(c) *Saving stamps.*—Saving stamps, in authorized denominations, may be purchased at most post offices and at such other agencies as may be designated from time to time. The stamps may be used for the purchase of Series E bonds. Albums for affixing the stamps will be available without charge, and such albums will be receivable by any authorized issuing agent in the amount of the affixed stamps on the purchase price of the bonds.

Sec. 316.7. *Delivery of bonds by mail.*—Issuing agents are authorized to deliver Series E bonds by mail at the risk and expense of the United States, at the address given by the purchaser, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. No mail deliveries elsewhere will be made. If purchased by citizens of the United States temporarily residing abroad, the bonds will be delivered at such address in the United States as the purchaser directs.

Sec. 316.8. *Extended terms and improved yields for outstanding bonds.*—(a) *Optional extension privileges.*

(1) *General.*—The term "optional extension privilege," when used herein, means the privilege of retaining Series E bonds after maturity for a period, known as the "extended maturity period," or as the "second extended maturity period," and of earning interest upon the *maturity values* or *extended maturity values* thereof, as the case may be.¹ No special action is required of owners desiring to take advantage of any optional extension privilege. Merely by continuing to hold their bonds after maturity, they will continue to earn further interest.²

(2) *Bonds with issue dates May 1, 1941, through May 1, 1949.*—Owners of Series E bonds with issue dates of May 1, 1941, through May 1, 1949, have the option of retaining their bonds for a second extended maturity period of 10 years.³

(3) *Bonds with issue dates June 1, 1949, through May 1, 1959.*—Owners of Series E bonds with issue dates of June 1, 1949, through May 1, 1959, have the option of retaining their bonds for an extended maturity period of 10 years.³

(4) *Bonds with issue dates June 1, 1959, or thereafter.*—Owners of Series E bonds with issue dates of June 1, 1959, or thereafter, have the option of retaining their bonds for an extended maturity period of 10 years at rates of interest to be determined prior to the original maturity of such bonds.³

¹ The redemption value of any bond at the original maturity date is the base upon which interest will accrue during the extended maturity period. The redemption value of any bond at the extended maturity date is the base upon which interest will accrue during the second extended maturity period.

² The tables incorporated herein, arranged according to issue dates, show current redemption values and investment yields.

³ See Appendix for maturities and summary of investment yields to the maturity, extended maturity and second extended maturity dates under regulations heretofore prescribed for Series E bonds with issue dates May 1, 1941, through Nov. 1, 1965.

(b) *Improved yields.*¹

(1) *Bonds with issue dates May 1, 1941, through November 1, 1945.*—The investment yield on all outstanding Series E bonds with issue dates of May 1, 1941, through November 1, 1945, is hereby increased by four-tenths of 1 percent per annum for the *remaining period to the second extended maturity date*, but the increase in yield will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest accrual period starting on or after December 1, 1965.

(2) *Bonds with issue dates December 1, 1945, through May 1, 1949.*—The investment yield on all outstanding Series E bonds with issue dates of December 1, 1945, through May 1, 1949, is hereby increased by four-tenths of 1 percent per annum for any *remaining period to the extended maturity date*, but the increase in yield will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest accrual period starting on or after December 1, 1965. The investment yield for the *second extended maturity period* will be approximately 4.15 percent per annum compounded semiannually for each half-year period.

(3) *Bonds with issue dates June 1, 1949, through March 1, 1956.*—The investment yield on all outstanding Series E bonds with issue dates of June 1, 1949, through March 1, 1956, is hereby increased by four-tenths of 1 percent per annum for the *remaining period to the extended maturity date*, but the increase in yield will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest accrual period of 6 months starting on or after December 1, 1965.

(4) *Bonds with issue dates April 1, 1956, through May 1, 1959.*—The investment yield on all outstanding Series E bonds with issue dates of April 1, 1956, through May 1, 1959, is hereby increased by four-tenths of 1 percent per annum for the *remaining period to the maturity date*, but the increase in yield will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest accrual period of 5 months or more starting on or after December 1, 1965. The investment yield for the *extended maturity period* will be approximately 4.15 percent per annum compounded semiannually for each half-year period.

(5) *Bonds with issue dates June 1, 1959, through November 1, 1965.*—The investment yield on all outstanding Series E bonds with issue dates of June 1, 1959, through November 1, 1965, is hereby increased by four-tenths of 1 percent per annum for the *remaining period to the maturity date*, but the increase will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest accrual period starting on or after December 1, 1965.

Sec. 316.9. *Taxation.*—(a) *General.*—For the purpose of determining taxes and tax exemptions, the increment in value represented by the difference between the price paid for Series E bonds (which are issued on a discount basis) and the redemption value received therefor shall be considered as interest. Such interest is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

(b) *Federal income tax on Series E bonds.*—An owner of Series E bonds who is a cash basis taxpayer and accordingly not required to report the increase in redemption value of his bonds each year as it accrues is required to include such amount in gross income for Federal income tax purposes for the taxable year of final maturity, actual redemption, or other disposition, whichever is earlier. An owner not reporting the increase in redemption value of such bonds currently for income tax purposes may elect in any year prior to final maturity, subject to the provisions of section 454 of the Internal Revenue Code of 1954 and the regulations prescribed thereunder, for such year and subsequent years to report such income annually. An owner who is required, or chooses, to report the increase in redemption value of his bonds each year as it accrues must continue to do so, so long as he retains the bonds, unless in accordance with the income tax regulations he obtains permission from the Internal Revenue Service to change to a different method of reporting income from such obligations. Inquiry concerning further information on Federal taxes should be addressed to the District Director, Internal

¹ Under authority of section 25, 73 Stat. 621 (31 U.S.C. 757c-1) the President of the United States on Feb. 16, 1966, concluded that with respect to Series E bonds it was necessary in the national interest to exceed the maximum interest rate and investment yield prescribed by section 22 of the Second Liberty Bond Act, as amended (31 U.S.C. 757c).

Revenue Service, of the taxpayer's district, or the Internal Revenue Service, Washington, D.C. 20224.

Sec. 316.10. *Payment or redemption.*—(a) *General.*—A Series E bond may be redeemed in accordance with its terms at the appropriate redemption value as shown in the applicable tables hereof for bonds bearing various issue dates back to May 1, 1941. The redemption values of bonds in the denomination of \$100,000¹ (which was authorized as of January 1, 1954) are not shown in the tables. However, the redemption values of bonds in that denomination will be equal to the total redemption values of 10 \$10,000 bonds bearing the same issue dates. A Series E bond in a denomination higher than \$25 (face value) may be redeemed in part but only in the amount of an authorized denomination or multiple thereof.

(b) *Federal Reserve banks and branches and Treasurer of the United States.*—Owners of Series E bonds may obtain payment upon presentation and surrender of the bonds to a Federal Reserve bank or branch or to the Office of the Treasurer of the United States, Securities Division, Washington, D.C. 20220, with the requests for payment on the bonds duly executed and certified in accordance with the governing regulations.

(c) *Incorporated banks, trust companies, and other financial institutions.*—An individual (natural person) whose name is inscribed on a Series E bond either as owner or coowner in his own right may also present such bond to any incorporated bank or trust company or other financial institution which is qualified as a paying agent under Department Circular No. 750, current revision (31 CFR 321). If such bond is in order for payment by the paying agent, the owner or coowner, upon establishing his identity to the satisfaction of the agent and upon signing the request for payment and adding his home or business address, may receive immediate payment of the current redemption value.

Sec. 316.11. *Reservation as to issue of bonds.*—The Secretary of the Treasury reserves the right to reject any application for Series E bonds, in whole or in part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

Sec. 316.12. *Preservation of rights.*—Nothing contained herein shall limit or restrict rights which owners of Series E bonds heretofore issued have acquired under offers previously in force.

Sec. 316.13. *Fiscal agents.*—Federal Reserve banks and branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, and payment of Series E bonds.

Sec. 316.14. *Reservations as to terms of offer.*—The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds (31 CFR 316), or of any amendments or supplements thereto.

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.

¹ The \$100,000 denomination is available only for purchase by trustees of employees' savings and savings and vacation plans (see sec. 316.5(c)).

APPENDIX

MATURITIES AND SUMMARY OF INVESTMENT YIELDS TO THE MATURITY, EXTENDED MATURITY AND SECOND EXTENDED MATURITY DATES UNDER REGULATIONS HERETOFORE PRESCRIBED FOR SERIES E SAVINGS BONDS WITH ISSUE DATES MAY 1, 1941, THROUGH NOVEMBER 1, 1965

Original maturity period

Bonds with issue dates May 1, 1941, through April 1, 1952: 10-year maturity; 2.90 percent per annum compounded semiannually.

Bonds with issue dates May 1, 1952, through January 1, 1957: 9-year 8-month maturity; 3 percent per annum compounded semiannually.

Bonds with issue dates February 1, 1957, through May 1, 1959: 8-year 11-month maturity; 3.25 percent per annum compounded semiannually.

Bonds with issue dates June 1, 1959, through November 1, 1965: 7-year 9-month maturity; 3.75 percent per annum compounded semiannually.

Increases for remaining periods to original maturity dates, effective June 1, 1959.¹

Bonds with issue dates December 1, 1949, through April 1, 1952: six-tenths of 1 percent per annum compounded semiannually.

Bonds with issue dates May 1, 1952, through May 1, 1959: five-tenths of 1 percent per annum compounded semiannually.

Extended maturity period (10 years)

Bonds with issue dates May 1, 1941, through April 1, 1942:

Approximately 2.90 percent per annum compounded semiannually.

Increased six-tenths of 1 percent per annum for remainder of period to extended maturity date. Effective June 1, 1959.¹

Bonds with issue dates May 1, 1942, through May 1, 1949:

Approximately 3 percent per annum compounded semiannually.

Increased five-tenths of 1 percent per annum for remainder of period to extended maturity date. Effective June 1, 1959.¹

Bonds with issue dates June 1, 1949, through April 1, 1957: Approximately 3.75 percent per annum compounded semiannually to extended maturity date. Effective June 1, 1959.¹

Second extended maturity period (10 years)

Bonds with issue dates May 1, 1941, through May 1, 1949: Approximately 3.75 percent per annum for each half-year period compounded semiannually. Effective May 1, 1961.

TABLES OF REDEMPTION VALUES AND INVESTMENT YIELDS FOR UNITED STATES SAVINGS BONDS OF SERIES E

Each table shows: (1) the redemption value for each successive half-year term of holding during the current maturity period and the authorized redemption values during any subsequent maturity period, on bonds bearing issue dates covered by the table; (2) the approximate investment yield on the redemption value at the beginning of the current maturity period to the beginning of each half-year period thereafter; and (3) the approximate investment yield on the current redemption value from the beginning of each half-year period to next maturity. Yields are expressed in terms of rate percent per annum, compounded semiannually.

¹ No increase accrued until one-half year from June 1, 1959, for any bond with the issue month of June or December of any year prior to 1959. For other bonds, the increases accrued from the next date, after June 1, 1959, on which, in accordance with their original terms, the redemption values increased.

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TABLE 1
BONDS BEARING ISSUE DATES BEGINNING DECEMBER 1, 1965

Maturity value..... Issue price.....	\$25.00 18.75	\$50.00 37.50	\$75.00 56.25	\$100.00 75.00	\$200.00 150.00	\$500.00 375.00	\$1,000.00 750.00	\$10,000 7,500	Approximate investment yield
Period after issue date	(1) Redemption values during each half-year period (values increase on first day of period shown)								(2) On purchase price from issue date to beginning of each half-year period (3) On current redemption value from beginning of each half-year period to maturity
First ½ year.....	\$18.75	\$37.50	\$56.25	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Percent 0.00 Percent *4.15
½ to 1 year.....	18.96 ¹	37.92	56.88	75.84	151.68	379.20	758.40	7,584	2.24 4.30
1 to 1½ years.....	19.32	38.64	57.96	77.28	154.56	386.40	772.80	7,728	3.02 4.34
1½ to 2 years.....	19.70	39.40	59.10	78.80	157.60	394.00	788.00	7,880	3.32 4.38
2 to 2½ years.....	20.10	40.20	60.30	80.40	160.80	402.00	804.00	8,040	3.51 4.41
2½ to 3 years.....	20.52	41.04	61.56	82.08	164.16	410.40	820.80	8,208	3.64 4.44
3 to 3½ years.....	20.96	41.92	62.88	83.84	167.68	419.20	838.40	8,384	3.75 4.46
3½ to 4 years.....	21.42	42.84	64.26	85.68	171.36	428.40	856.80	8,568	3.84 4.46
4 to 4½ years.....	21.89	43.78	65.67	87.56	175.12	437.80	875.60	8,756	3.91 4.48
4½ to 5 years.....	22.37	44.74	67.11	89.48	178.96	447.40	894.80	8,948	3.96 4.50
5 to 5½ years.....	22.86	45.72	68.58	91.44	182.88	457.20	914.40	9,144	4.00 4.52
5½ to 6 years.....	23.36	46.72	70.08	93.44	186.88	467.20	934.40	9,344	4.04 4.57
6 to 6½ years.....	23.88	47.76	71.64	95.52	191.04	477.60	955.20	9,552	4.07 4.64
6½ to 7 years.....	24.42	48.84	73.26	97.68	195.36	488.40	976.80	9,768	4.11 4.75
MATURITY VALUE (7 years from issue date).....	25.00	50.00	75.00	100.00	200.00	500.00	1,000.00	10,000	4.15

* Approximate investment yield for entire period from issuance to maturity.

TABLE 2
BONDS BEARING ISSUE DATE OF MAY 1, 1941

Issue price..... Original maturity value..... First extended maturity value.....	\$18.75 25.00 33.63	\$37.50 50.00 67.26	\$75.00 100.00 134.52	\$375.00 500.00 672.60	\$750.00 1,000.00 1,345.20	Approximate investment yield
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the redemption value at start of the second extended maturity period to the beginning of each half-year period thereafter (3) On current redemption value from beginning of each half-year period to second extended maturity
	SECOND EXTENDED MATURITY PERIOD					
First ½ year.....	\$33.63	\$67.26	\$134.52	\$672.60	\$1,345.20	Percent 0.00 Percent *3.75
½ to 1 year.....	34.26	68.52	137.04	685.20	1,370.40	3.75 *3.75
1 to 1½ years.....	34.90	69.80	139.60	698.00	1,396.00	3.74 *3.75
1½ to 2 years.....	35.56	71.12	142.24	711.20	1,422.40	3.76 *3.75
2 to 2½ years.....	36.22	72.44	144.88	724.40	1,448.80	3.74 *3.75
2½ to 3 years.....	36.90	73.80	147.60	738.00	1,476.00	3.75 *3.75
3 to 3½ years.....	37.60	75.20	150.40	752.00	1,504.00	3.75 *3.75
3½ to 4 years.....	38.30	76.60	153.20	766.00	1,532.00	3.75 *3.75
4 to 4½ years.....	39.02	78.04	156.08	780.40	1,560.80	3.75 *3.75
4½ to 5 years.....	39.75	79.50	159.00	795.00	1,590.00	3.75 *3.75
5 to 5½ years.....	40.50	81.00	162.00	810.00	1,620.00	3.75 *4.15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision						
5½ to 6 years.....	\$41.26	\$82.52	\$165.04	\$825.20	\$1,650.40	3.75 4.19
6 to 6½ years.....	42.06	84.12	168.24	841.20	1,682.40	3.76 4.23
6½ to 7 years.....	42.90	85.80	171.60	858.00	1,716.00	3.78 4.27
7 to 7½ years.....	43.76	87.52	175.04	875.20	1,750.40	3.80 4.31
7½ to 8 years.....	44.66	89.32	178.64	893.20	1,786.40	3.82 4.35
8 to 8½ years.....	45.60	91.20	182.40	912.00	1,824.00	3.84 4.38
8½ to 9 years.....	46.57	93.14	186.28	931.40	1,862.80	3.87 4.43
9 to 9½ years.....	47.58	95.16	190.32	951.60	1,903.20	3.89 4.47
9½ to 10 years.....	48.64	97.28	194.56	972.80	1,945.60	3.92 4.48
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ²	49.73	99.46	198.92	994.60	1,989.20	\$3.95

* Yields from beginning of each half-year period to second extended maturity at second extended maturity value prior to the December 1, 1965, revision.

¹ Yield from the effective date of the December 1, 1965 revision to second extended maturity date.² Yield on purchase price from issue date to second extended maturity date is 3.28 percent.³ For redemption values and investment yields during original and first extended maturity periods, see Department Circular No. 653, Fifth Revision, dated September 23, 1959.⁴ 30 years from issue date.

TABLE 3

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1941

Issue price.....	\$18. 75	\$37. 50	\$75. 00	\$375. 00	\$750. 00	Approximate investment yield	
Original maturity value.....	25. 00	50. 00	100. 00	500. 00	1, 000. 00		
First extended maturity value.....	33. 73	67. 46	134. 92	674. 60	1, 349. 20		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the re- demption value at start of the second extended maturity period to the be- ginning of each half-year period thereafter ¹	(3) On current re- demption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹					Percent	Percent
First ½ year.....	\$33. 73	\$67. 46	\$134. 92	\$674. 60	\$1, 349. 20	0. 00	*3. 75
½ to 1 year.....	34. 36	68. 72	137. 44	687. 20	1, 374. 40	3. 74	*3. 75
1 to 1½ years.....	35. 01	70. 02	140. 04	700. 20	1, 400. 40	3. 76	*3. 75
1½ to 2 years.....	35. 66	71. 32	142. 64	713. 20	1, 426. 40	3. 74	*3. 75
2 to 2½ years.....	36. 33	72. 66	145. 32	726. 60	1, 453. 20	3. 74	*3. 75
2½ to 3 years.....	37. 01	74. 02	148. 04	740. 20	1, 480. 40	3. 75	*3. 75
3 to 3½ years.....	37. 71	75. 42	150. 84	754. 20	1, 508. 40	3. 75	*3. 75
3½ to 4 years.....	38. 41	76. 82	153. 64	768. 20	1, 536. 40	3. 75	*3. 75
4 to 4½ years.....	39. 13	78. 26	156. 52	782. 60	1, 565. 20	3. 75	*3. 75
4½ to 5 years.....	39. 87	79. 74	159. 48	797. 40	1, 594. 80	3. 75	†4. 15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision							
5 to 5½ years.....	\$40. 63	\$81. 26	\$162. 52	\$812. 60	\$1, 625. 20	3. 76	4. 19
5½ to 6 years.....	41. 41	82. 82	165. 64	828. 20	1, 656. 40	3. 76	4. 22
6 to 6½ years.....	42. 22	84. 44	168. 88	844. 40	1, 688. 80	3. 76	4. 26
6½ to 7 years.....	43. 06	86. 12	172. 24	861. 20	1, 722. 40	3. 79	4. 30
7 to 7½ years.....	43. 95	87. 90	175. 80	879. 00	1, 758. 00	3. 82	4. 33
7½ to 8 years.....	44. 86	89. 72	179. 44	897. 20	1, 794. 40	3. 84	4. 37
8 to 8½ years.....	45. 80	91. 60	183. 20	916. 00	1, 832. 00	3. 86	4. 41
8½ to 9 years.....	46. 80	93. 60	187. 20	936. 00	1, 872. 00	3. 89	4. 43
9 to 9½ years.....	47. 81	95. 62	191. 24	956. 20	1, 912. 40	3. 91	4. 49
9½ to 10 years.....	48. 88	97. 76	195. 52	977. 60	1, 955. 20	3. 94	4. 50
SECOND EXTENDED MA- TURITY VALUE (20 years from original ma- turity date) ²	49. 98	99. 96	199. 92	999. 60	1, 999. 20	\$3. 97	-----

¹Yield on purchase price from issue date to second extended maturity date is 3.29 percent.

For all other footnotes see Table 2.

TABLE 4

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1941, THROUGH APRIL 1, 1942

Issue price.....	\$18.75	\$37.50	\$75.00	\$375.00	\$750.00	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	500.00	1,000.00		
First extended maturity value.....	33.83	67.66	135.32	676.60	1,353.20		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the redem- ption value at start of the second extended maturity period to the be- ginning of each half-year period thereafter ¹	(3) On current redem- ption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹					Percent	Percent
First ½ year.....	\$33.83	\$67.66	\$135.32	\$676.60	\$1,353.20	0.00	*3.75
½ to 1 year.....	34.46	68.92	137.84	689.20	1,378.40	3.72	*3.75
1 to 1½ years.....	35.11	70.22	140.44	702.20	1,404.40	3.75	*3.75
1½ to 2 years.....	35.77	71.54	143.08	715.40	1,430.80	3.75	*3.75
2 to 2½ years.....	36.44	72.88	145.76	728.80	1,457.60	3.75	*3.75
2½ to 3 years.....	37.12	74.24	148.48	742.40	1,484.80	3.75	*3.75
3 to 3½ years.....	37.82	75.64	151.28	756.40	1,512.80	3.75	*3.75
3½ to 4 years.....	38.53	77.06	154.12	770.60	1,541.20	3.75	*3.75
4 to 4½ years.....	39.25	78.50	157.00	785.00	1,570.00	3.75	†4.15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision							
4½ to 5 years.....	\$40.00	\$80.00	\$160.00	\$800.00	\$1,600.00	3.76	4.18
5 to 5½ years.....	40.77	81.54	163.08	815.40	1,630.80	3.77	4.21
5½ to 6 years.....	41.56	83.12	166.24	831.20	1,662.40	3.78	4.25
6 to 6½ years.....	42.39	84.78	169.56	847.80	1,695.60	3.79	4.28
6½ to 7 years.....	43.25	86.50	173.00	865.00	1,730.00	3.82	4.31
7 to 7½ years.....	44.14	88.28	176.56	882.80	1,765.60	3.84	4.35
7½ to 8 years.....	45.07	90.14	180.28	901.40	1,802.80	3.86	4.38
8 to 8½ years.....	46.03	92.06	184.12	920.60	1,841.20	3.89	4.40
8½ to 9 years.....	47.02	94.04	188.08	940.40	1,880.80	3.91	4.44
9 to 9½ years.....	48.05	96.10	192.20	961.00	1,922.00	3.94	4.47
9½ to 10 years.....	49.12	98.24	196.48	982.40	1,964.80	3.96	4.48
SECOND EXTENDED MA- TURITY VALUE (20 years from original ma- turity date) ²	50.22	100.44	200.88	1,004.40	2,008.80	\$3.99	-----

¹Yield on purchase price from issue date to second extended maturity date is 3.31 percent.

For all other footnotes see Table 2.

TABLE 5
BONDS BEARING ISSUE DATE OF MAY 1, 1942

Issue price.....	\$18. 75	\$37. 50	\$75. 00	\$375. 00	\$750. 00	Approximate investment yield	
Original maturity value.....	25. 00	50. 00	100. 00	500. 00	1, 000. 00		
First extended maturity value.....	34. 09	68. 18	136. 36	681. 80	1, 363. 60		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the redemption value at start of the second extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹						
							Percent
First ½ year.....	\$34. 09	\$68. 18	\$136. 36	\$681. 80	\$1, 363. 60	0. 00	*3. 75
½ to 1 year.....	34. 73	69. 46	138. 92	694. 60	1, 389. 20	3. 75	*3. 75
1 to 1½ years.....	35. 38	70. 76	141. 52	707. 60	1, 415. 20	3. 75	*3. 75
1½ to 2 years.....	36. 04	72. 08	144. 16	720. 80	1, 441. 60	3. 74	*3. 75
2 to 2½ years.....	36. 72	73. 44	146. 88	734. 40	1, 468. 80	3. 75	*3. 75
2½ to 3 years.....	37. 41	74. 82	149. 64	748. 20	1, 496. 40	3. 75	*3. 75
3 to 3½ years.....	38. 11	76. 22	152. 44	762. 20	1, 524. 40	3. 75	*3. 75
3½ to 4 years.....	38. 82	77. 64	155. 28	776. 40	1, 552. 80	3. 75	*3. 75
4 to 4½ years.....	39. 55	79. 10	158. 20	791. 00	1, 582. 00	3. 75	†4. 15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision							
4½ to 5 years.....	\$40. 30	\$80. 60	\$161. 20	\$806. 00	\$1, 612. 00	3. 75	4. 18
5 to 5½ years.....	41. 08	82. 16	164. 32	821. 60	1, 643. 20	3. 77	4. 22
5½ to 6 years.....	41. 88	83. 76	167. 52	837. 60	1, 675. 20	3. 78	4. 25
6 to 6½ years.....	42. 71	85. 42	170. 84	854. 20	1, 708. 40	3. 79	4. 29
6½ to 7 years.....	43. 58	87. 16	174. 32	871. 60	1, 743. 20	3. 81	4. 32
7 to 7½ years.....	44. 49	88. 98	177. 96	889. 80	1, 779. 60	3. 84	4. 34
7½ to 8 years.....	45. 41	90. 82	181. 64	908. 20	1, 816. 40	3. 86	4. 38
8 to 8½ years.....	46. 38	92. 76	185. 52	927. 60	1, 855. 20	3. 89	4. 41
8½ to 9 years.....	47. 38	94. 76	189. 52	947. 60	1, 895. 20	3. 91	4. 45
9 to 9½ years.....	48. 42	96. 84	193. 68	968. 40	1, 936. 80	3. 94	4. 47
9½ to 10 years.....	49. 50	99. 00	198. 00	990. 00	1, 980. 00	3. 96	4. 48
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ²	50. 61	101. 22	202. 44	1, 012. 20	2, 024. 40	\$3. 99	-----

¹Yield on purchase price from issue date to second extended maturity date is 3.34 percent.

For all other footnotes see Table 2.

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TABLE 6

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1942

Issue price.....	\$18.75	\$37.50	\$75.00	\$375.00	\$750.00	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	500.00	1,000.00		
First extended maturity value.....	34.17	68.34	136.68	683.40	1,366.80		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the re- demption value at start of the second ex- tended maturity period to the be- ginning of each half-year period thereafter ¹	(3) On current re- demption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹					Percent	Percent
First ½ year.....	\$34.17	\$68.34	\$136.68	\$683.40	\$1,366.80	0.00	*3.75
½ to 1 year.....	34.81	69.62	139.24	696.20	1,392.40	3.75	*3.75
1 to 1½ years.....	35.46	70.92	141.84	709.20	1,418.40	3.74	*3.75
1½ to 2 years.....	36.13	72.26	144.52	722.60	1,445.20	3.75	*3.75
2 to 2½ years.....	36.81	73.62	147.24	736.20	1,472.40	3.76	*3.75
2½ to 3 years.....	37.50	75.00	150.00	750.00	1,500.00	3.75	*3.75
3 to 3½ years.....	38.20	76.40	152.80	764.00	1,528.00	3.75	*3.75
3½ to 4 years.....	38.92	77.84	155.68	778.40	1,556.80	3.75	†4.15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision							
4 to 4½ years.....	\$39.65	\$79.30	\$158.60	\$793.00	\$1,586.00	3.75	4.18
4½ to 5 years.....	40.41	80.82	161.64	808.20	1,616.40	3.76	4.21
5 to 5½ years.....	41.21	82.42	164.84	824.20	1,648.40	3.78	4.24
5½ to 6 years.....	42.02	84.04	168.08	840.40	1,680.80	3.80	4.27
6 to 6½ years.....	42.86	85.72	171.44	857.20	1,714.40	3.81	4.30
6½ to 7 years.....	43.74	87.48	174.96	874.80	1,749.60	3.83	4.33
7 to 7½ years.....	44.65	89.30	178.60	893.00	1,786.00	3.86	4.36
7½ to 8 years.....	45.59	91.18	182.36	911.80	1,823.60	3.88	4.39
8 to 8½ years.....	46.57	93.14	186.28	931.40	1,862.80	3.91	4.41
8½ to 9 years.....	47.58	95.16	190.32	951.60	1,903.20	3.93	4.44
9 to 9½ years.....	48.63	97.26	194.52	972.60	1,945.20	3.96	4.45
9½ to 10 years.....	49.71	99.42	198.84	994.20	1,988.40	3.99	4.47
SECOND EXTENDED MA- TURITY VALUE (20 years from original ma- turity date) ²	50.82	101.64	203.28	1,016.40	2,032.80	\$4.01	-----

¹Yield on purchase price from issue date to second extended maturity date is 3.35 percent.

For all other footnotes see Table 2.

TABLE 7

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1942, THROUGH MAY 1, 1943

Issue price.....	\$18. 75	\$37. 50	\$75. 00	\$375. 00	\$750. 00	Approximate investment yield	
Original maturity value.....	25. 00	50. 00	100. 00	500. 00	1, 000. 00		
First extended maturity value.....	34. 26	68. 52	137. 04	685. 20	1, 370. 40		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the redemption value at start of the second extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹					Percent	Percent
First ½ year.....	\$34. 26	\$68. 52	\$137. 04	\$685. 20	\$1, 370. 40	0. 00	*3. 75
½ to 1 year.....	34. 90	69. 80	139. 60	698. 00	1, 396. 00	3. 74	*3. 75
1 to 1½ years.....	35. 56	71. 12	142. 24	711. 20	1, 422. 40	3. 76	*3. 75
1½ to 2 years.....	36. 22	72. 44	144. 88	724. 40	1, 448. 80	3. 74	*3. 75
2 to 2½ years.....	36. 90	73. 80	147. 60	738. 00	1, 476. 00	3. 75	*3. 75
2½ to 3 years.....	37. 59	75. 18	150. 36	751. 80	1, 503. 60	3. 75	*3. 75
3 to 3½ years.....	38. 30	76. 60	153. 20	766. 00	1, 532. 00	3. 75	†4. 15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision							
3½ to 4 years.....	\$39. 03	\$78. 06	\$156. 12	\$780. 60	\$1, 561. 20	3. 76	4. 18
4 to 4½ years.....	39. 77	79. 54	159. 08	795. 40	1, 590. 80	3. 76	4. 21
4½ to 5 years.....	40. 54	81. 08	162. 16	810. 80	1, 621. 60	3. 78	4. 24
5 to 5½ years.....	41. 34	82. 68	165. 36	826. 80	1, 653. 60	3. 79	4. 27
5½ to 6 years.....	42. 18	84. 36	168. 72	843. 60	1, 687. 20	3. 82	4. 30
6 to 6½ years.....	43. 04	86. 08	172. 16	860. 80	1, 721. 60	3. 84	4. 32
6½ to 7 years.....	43. 93	87. 86	175. 72	878. 60	1, 757. 20	3. 86	4. 35
7 to 7½ years.....	44. 85	89. 70	179. 40	897. 00	1, 794. 00	3. 89	4. 38
7½ to 8 years.....	45. 79	91. 58	183. 16	915. 80	1, 831. 60	3. 91	4. 41
8 to 8½ years.....	46. 78	93. 56	187. 12	935. 60	1, 871. 20	3. 93	4. 44
8½ to 9 years.....	47. 79	95. 58	191. 16	955. 80	1, 911. 60	3. 95	4. 47
9 to 9½ years.....	48. 84	97. 68	195. 36	976. 80	1, 953. 60	3. 98	4. 51
9½ to 10 years.....	49. 94	99. 88	199. 76	998. 80	1, 997. 60	4. 01	4. 53
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ²	51. 07	102. 14	204. 28	1, 021. 40	2, 042. 80	\$4. 03	-----

¹Yield on purchase price from issue date to second extended maturity date is 3.37 percent.

For all other footnotes see Table 2.

TABLE 8

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1943

Issue price.....	\$18.75	\$37.50	\$75.00	\$375.00	\$750.00	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	500.00	1,000.00		
First extended maturity value.....	34.34	68.68	137.36	686.80	1,373.60		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the redemption value at start of the second extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹					Percent	Percent
First ½ year.....	\$34.34	\$68.68	\$137.36	\$686.80	\$1,373.60	0.00	*3.75
½ to 1 year.....	34.98	69.96	139.92	699.60	1,399.20	3.73	*3.75
1 to 1½ years.....	35.64	71.28	142.56	712.80	1,425.60	3.75	*3.75
1½ to 2 years.....	36.31	72.62	145.24	726.20	1,452.40	3.75	*3.75
2 to 2½ years.....	36.99	73.98	147.96	739.80	1,479.60	3.75	*3.75
2½ to 3 years.....	37.68	75.36	150.72	753.60	1,507.20	3.75	†4.15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision							
3 to 3½ years.....	\$38.40	\$76.80	\$153.60	\$768.00	\$1,536.00	3.76	4.18
3½ to 4 years.....	39.13	78.26	156.52	782.60	1,565.20	3.77	4.20
4 to 4½ years.....	39.89	79.78	159.56	797.80	1,595.60	3.78	4.23
4½ to 5 years.....	40.68	81.36	162.72	813.60	1,627.20	3.80	4.25
5 to 5½ years.....	41.49	82.98	165.96	829.80	1,659.60	3.82	4.28
5½ to 6 years.....	42.33	84.66	169.32	846.60	1,693.20	3.84	4.31
6 to 6½ years.....	43.20	86.40	172.80	864.00	1,728.00	3.86	4.33
6½ to 7 years.....	44.09	88.18	176.36	881.80	1,763.60	3.88	4.36
7 to 7½ years.....	45.02	90.04	180.08	900.40	1,800.80	3.91	4.39
7½ to 8 years.....	45.97	91.94	183.88	919.40	1,838.80	3.93	4.42
8 to 8½ years.....	46.98	93.96	187.92	939.60	1,879.20	3.96	4.43
8½ to 9 years.....	47.99	95.98	191.96	959.80	1,919.60	3.98	4.47
9 to 9½ years.....	49.06	98.12	196.24	981.20	1,962.40	4.00	4.48
9½ to 10 years.....	50.15	100.30	200.60	1,003.00	2,006.00	4.03	4.51
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date)²	51.28	102.56	205.12	1,025.60	2,051.20	\$4.05	-----

¹Yield on purchase price from issue date to second extended maturity date is 3.38 percent.

For all other footnotes see Table 2.

TABLE 9

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1943, THROUGH MAY 1, 1944

Issue price.....	\$18. 75	\$37. 50	\$75. 00	\$375. 00	\$750. 00	Approximate investment yield	
Original maturity value.....	25. 00	50. 00	100. 00	500. 00	1, 000. 00		
First extended maturity value.....	34. 43	68. 86	137. 72	688. 60	1, 377. 20		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)					(2) On the re- demption value at start of the second ex- tended maturity period to the be- ginning of each half-year period thereafter ¹	(3) On current re- demption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹						
First ½ year.....	\$34. 43	\$68. 86	\$137. 72	\$688. 60	\$1, 377. 20	Percent	Percent
½ to 1 year.....	35. 08	70. 16	140. 32	701. 60	1, 403. 20	3. 78	*3. 75
1 to 1½ years.....	35. 73	71. 46	142. 92	714. 60	1, 429. 20	3. 74	*3. 75
1½ to 2 years.....	36. 40	72. 80	145. 60	728. 00	1, 456. 00	3. 74	*3. 75
2 to 2½ years.....	37. 09	74. 18	148. 36	741. 80	1, 483. 60	3. 76	†4. 15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision							
2½ to 3 years.....	\$37. 79	\$75. 58	\$151. 16	\$755. 80	\$1, 511. 60	3. 76	4. 17
3 to 3½ years.....	38. 51	77. 02	154. 04	770. 20	1, 540. 40	3. 77	4. 20
3½ to 4 years.....	39. 25	78. 50	157. 00	785. 00	1, 570. 00	3. 78	4. 23
4 to 4½ years.....	40. 03	80. 06	160. 12	800. 60	1, 601. 20	3. 80	4. 25
4½ to 5 years.....	40. 83	81. 66	163. 32	816. 60	1, 633. 20	3. 82	4. 27
5 to 5½ years.....	41. 65	83. 30	166. 60	833. 00	1, 666. 00	3. 84	4. 29
5½ to 6 years.....	42. 50	85. 00	170. 00	850. 00	1, 700. 00	3. 87	4. 32
6 to 6½ years.....	43. 37	86. 74	173. 48	867. 40	1, 734. 80	3. 88	4. 35
6½ to 7 years.....	44. 27	88. 54	177. 08	885. 40	1, 770. 80	3. 90	4. 37
7 to 7½ years.....	45. 22	90. 44	180. 88	904. 40	1, 808. 80	3. 93	4. 39
7½ to 8 years.....	46. 18	92. 36	184. 72	923. 60	1, 847. 20	3. 95	4. 42
8 to 8½ years.....	47. 18	94. 36	188. 72	943. 60	1, 887. 20	3. 98	4. 44
8½ to 9 years.....	48. 22	96. 44	192. 88	964. 40	1, 928. 80	4. 00	4. 45
9 to 9½ years.....	49. 28	98. 56	197. 12	985. 60	1, 971. 20	4. 02	4. 48
9½ to 10 years.....	50. 38	100. 76	201. 52	1, 007. 60	2, 015. 20	4. 05	4. 49
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ²	51. 51	103. 02	206. 04	1, 030. 20	2, 060. 40	\$4. 07	-----

§ Yield on purchase price from issue date to second extended maturity date is 3.40 percent.
For all other footnotes see Table 2.

TABLE 10

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1944

Issue price.....	\$7.50	\$18.75	\$37.50	\$75.00	\$375.00	\$750.00	Approximate investment yield:	
Original maturity value.....	10.00	25.00	50.00	100.00	500.00	1,000.00		
First extended maturity value.....	13.80	34.51	69.02	138.04	690.20	1,380.40		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)						(2) On the redemption value at start of the second extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹							
First ½ year.....	\$13.80	\$34.51	\$69.02	\$138.04	\$690.20	\$1,380.40	Percent 0.00	Percent *3.75
¼ to 1 year.....	14.06	35.16	70.32	140.64	703.20	1,406.40	3.77	*3.75
1 to 1½ years.....	14.33	35.82	71.64	143.28	716.40	1,432.80	3.76	*3.75
1½ to 2 years.....	14.60	36.49	72.98	145.96	729.80	1,459.60	3.75	†4.15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision								
2 to 2½ years.....	\$14.87	\$37.18	\$74.36	\$148.72	\$743.60	\$1,487.20	3.76	4.17
2½ to 3 years.....	15.16	37.89	75.78	151.56	757.80	1,515.60	3.77	4.20
3 to 3½ years.....	15.45	38.62	77.24	154.48	772.40	1,544.80	3.79	4.22
3½ to 4 years.....	15.75	39.37	78.74	157.48	787.40	1,574.80	3.80	4.25
4 to 4½ years.....	16.06	40.16	80.32	160.64	803.20	1,606.40	3.83	4.27
4½ to 5 years.....	16.38	40.96	81.92	163.84	819.20	1,638.40	3.84	4.29
5 to 5½ years.....	16.72	41.79	83.58	167.16	835.80	1,671.60	3.87	4.32
5½ to 6 years.....	17.06	42.65	85.30	170.60	853.00	1,706.00	3.89	4.33
6 to 6½ years.....	17.42	43.54	87.08	174.16	870.80	1,741.60	3.91	4.36
6½ to 7 years.....	17.78	44.46	88.92	177.84	889.20	1,778.40	3.94	4.38
7 to 7½ years.....	18.16	45.40	90.80	181.60	908.00	1,816.00	3.96	4.41
7½ to 8 years.....	18.55	46.37	92.74	185.48	927.40	1,854.80	3.98	4.43
8 to 8½ years.....	18.95	47.37	94.74	189.48	947.40	1,894.80	4.00	4.46
8½ to 9 years.....	19.37	48.42	96.84	193.68	968.40	1,936.80	4.02	4.47
9 to 9½ years.....	19.80	49.49	98.98	197.96	989.80	1,979.60	4.05	4.50
9½ to 10 years.....	20.24	50.60	101.20	202.40	1,012.00	2,024.00	4.07	4.51
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ²	20.70	51.74	103.48	206.96	1,034.80	2,069.60	\$4.09	-----

¹Calculated on basis of \$1,000 bond (face value).²Yield on purchase price from issue date to second extended maturity date is 3.41 percent.

For all other footnotes see Table 2.

TABLE 11

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1944, THROUGH MAY 1, 1945

Issue price.....	\$7. 50	\$18. 75	\$37. 50	\$75. 00	\$375. 00	\$750. 00	Approximate investment yield†	
Original maturity value.....	10. 00	25. 00	50. 00	100. 00	500. 00	1, 000. 00		
First extended maturity value.....	13. 84	34. 59	69. 18	138. 36	691. 80	1, 383. 60		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)						(2) On the redemption value at start of the second extended maturity period to the beginning of each half-year period thereafter †	(3) On current redemption value from beginning of each half-year period to second extended maturity †
	SECOND EXTENDED MATURITY PERIOD ‡							
First ½ year.....	\$13. 84	\$34. 59	\$69. 18	\$138. 36	\$691. 80	\$1, 383. 60	Percent 0. 00	Percent *3. 75
½ to 1 year.....	14. 10	35. 24	70. 48	140. 96	704. 80	1, 409. 60	3. 76	*3. 75
1 to 1½ years.....	14. 36	35. 90	71. 80	143. 60	718. 00	1, 436. 00	3. 75	†4. 15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision								
1½ to 2 years.....	\$14. 63	\$36. 58	\$73. 16	\$146. 32	\$731. 60	\$1, 463. 20	3. 76	4. 17
2 to 2½ years.....	14. 91	37. 28	74. 56	149. 12	745. 60	1, 491. 20	3. 78	4. 19
2½ to 3 years.....	15. 20	38. 00	76. 00	152. 00	760. 00	1, 520. 00	3. 80	4. 21
3 to 3½ years.....	15. 50	38. 74	77. 48	154. 96	774. 80	1, 549. 60	3. 81	4. 24
3½ to 4 years.....	15. 80	39. 50	79. 00	158. 00	790. 00	1, 580. 00	3. 83	4. 26
4 to 4½ years.....	16. 12	40. 29	80. 58	161. 16	805. 80	1, 611. 60	3. 85	4. 28
4½ to 5 years.....	16. 44	41. 10	82. 20	164. 40	822. 00	1, 644. 00	3. 87	4. 31
5 to 5½ years.....	16. 78	41. 95	83. 90	167. 80	839. 00	1, 678. 00	3. 90	4. 32
5½ to 6 years.....	17. 12	42. 81	85. 62	171. 24	856. 20	1, 712. 40	3. 91	4. 35
6 to 6½ years.....	17. 48	43. 71	87. 42	174. 84	874. 20	1, 748. 40	3. 94	4. 36
6½ to 7 years.....	17. 85	44. 63	89. 26	178. 52	892. 60	1, 785. 20	3. 96	4. 39
7 to 7½ years.....	18. 23	45. 58	91. 16	182. 32	911. 60	1, 823. 20	3. 98	4. 41
7½ to 8 years.....	18. 63	46. 57	93. 14	186. 28	931. 40	1, 862. 80	4. 00	4. 42
8 to 8½ years.....	19. 03	47. 57	95. 14	190. 28	951. 40	1, 902. 80	4. 02	4. 45
8½ to 9 years.....	19. 45	48. 63	97. 26	194. 52	972. 60	1, 945. 20	4. 05	4. 45
9 to 9½ years.....	19. 88	49. 69	99. 38	198. 76	993. 80	1, 987. 60	4. 07	4. 50
9½ to 10 years.....	20. 32	50. 81	101. 62	203. 24	1, 016. 20	2, 032. 40	4. 09	4. 49
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ‡	20. 78	51. 95	103. 90	207. 80	1, 039. 00	2, 078. 00	\$4. 11	-----

† Calculated on basis of \$1,000 bond (face value).

‡ Yield on purchase price from issue date to second extended maturity date is 3.43 percent.

For all other footnotes see Table 2.

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TABLE 12

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1945

Issue price.....	\$7.50	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield ¹	
Original maturity value.....	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00		
First extended maturity value.....	13.87	34.68	69.36	138.72	277.44	693.60	1,387.20		
Period after first extended maturity (beginning 20 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the second extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to second extended maturity ¹
	SECOND EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$13.87	\$34.68	\$69.36	\$138.72	\$277.44	\$693.60	\$1,387.20	Percent 0.00	Percent *3.75
½ to 1 year.....	14.13	35.33	70.66	141.32	282.64	706.60	1,413.20	3.75	†4.15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision									
1 to 1½ years.....	\$14.40	\$36.00	\$72.00	\$144.00	\$288.00	\$720.00	\$1,440.00	3.77	4.17
1½ to 2 years.....	14.68	36.69	73.38	146.76	293.52	733.80	1,467.60	3.79	4.19
2 to 2½ years.....	14.96	37.40	74.80	149.60	299.20	748.00	1,496.00	3.81	4.21
2½ to 3 years.....	15.25	38.12	76.24	152.48	304.96	762.40	1,524.80	3.82	4.23
3 to 3½ years.....	15.55	38.87	77.74	155.48	310.96	777.40	1,554.80	3.84	4.25
3½ to 4 years.....	15.86	39.65	79.30	158.60	317.20	793.00	1,586.00	3.86	4.27
4 to 4½ years.....	16.18	40.45	80.90	161.80	323.60	809.00	1,618.00	3.88	4.29
4½ to 5 years.....	16.51	41.27	82.54	165.08	330.16	825.40	1,650.80	3.90	4.31
5 to 5½ years.....	16.85	42.12	84.24	168.48	336.96	842.40	1,684.80	3.93	4.33
5½ to 6 years.....	17.20	42.99	85.98	171.96	343.92	859.80	1,719.60	3.94	4.36
6 to 6½ years.....	17.56	43.89	87.78	175.56	351.12	877.80	1,755.60	3.96	4.38
6½ to 7 years.....	17.93	44.82	89.64	179.28	358.56	896.40	1,792.80	3.99	4.40
7 to 7½ years.....	18.31	45.78	91.56	183.12	366.24	915.60	1,831.20	4.01	4.42
7½ to 8 years.....	18.71	46.77	93.54	187.08	374.16	935.40	1,870.80	4.03	4.43
8 to 8½ years.....	19.12	47.79	95.58	191.16	382.32	955.80	1,911.60	4.05	4.45
8½ to 9 years.....	19.54	48.84	97.68	195.36	390.72	976.80	1,953.60	4.07	4.47
9 to 9½ years.....	19.97	49.92	99.84	199.68	399.36	998.40	1,996.80	4.09	4.50
9½ to 10 years.....	20.42	51.04	102.08	204.16	408.32	1,020.80	2,041.60	4.11	4.51
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date)².....	20.88	52.19	104.38	208.76	417.52	1,043.80	2,087.60	\$4.13	-----

¹Calculated on basis of \$1,000 bond (face value).²Yield on purchase price from issue date to second extended maturity date is 3.44 percent.

For all other footnotes see Table 2.

TABLE 13

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1945, THROUGH MAY 1, 1946

Issue price.....	\$7.50	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield ¹	
Original maturity value.....	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00		
(1) Redemption values during each half-year period (values increase on first day of period shown)									
FIRST EXTENDED MATURITY PERIOD ¹									
Period after original maturity (beginning 10 years after issue date)								(2) On the redemption value at start of the first extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period (a) to first extended maturity ¹
								Percent	Percent
First ½ year.....	\$10.00	\$25.00	\$50.00	\$100.00	\$200.00	\$500.00	\$1,000.00	0.00	*3.00
½ to 1 year.....	10.15	25.37	50.75	101.50	203.00	507.50	1,015.00	3.00	*3.00
1 to 1½ years.....	10.30	25.75	51.50	103.00	206.00	515.00	1,030.00	2.98	*3.00
1½ to 2 years.....	10.45	26.12	52.25	104.50	209.00	522.50	1,045.00	2.96	*3.01
2 to 2½ years.....	10.60	26.50	53.00	106.00	212.00	530.00	1,060.00	2.93	*3.02
2½ to 3 years.....	10.76	26.90	53.80	107.60	215.20	538.00	1,076.00	2.95	*3.02
3 to 3½ years.....	10.92	27.30	54.60	109.20	218.40	546.00	1,092.00	2.96	*3.02
3½ to 4 years.....	11.08	27.70	55.40	110.80	221.60	554.00	1,108.00	2.95	†3.53
4 to 4½ years.....	11.24	28.11	56.22	112.44	224.88	562.20	1,124.40	2.95	†3.58
4½ to 5 years.....	11.41	28.52	57.04	114.08	228.16	570.40	1,140.80	2.95	†3.64
5 to 5½ years.....	11.60	29.00	58.00	116.00	232.00	580.00	1,160.00	2.99	†3.66
5½ to 6 years.....	11.80	29.49	58.98	117.96	235.92	589.80	1,179.60	3.03	†3.69
6 to 6½ years.....	12.00	29.99	59.98	119.96	239.92	599.80	1,199.60	3.06	†3.73
6½ to 7 years.....	12.20	30.51	61.02	122.04	244.08	610.20	1,220.40	3.09	†3.77
7 to 7½ years.....	12.42	31.04	62.08	124.16	248.32	620.80	1,241.60	3.12	†3.82
7½ to 8 years.....	12.63	31.58	63.16	126.32	252.64	631.60	1,263.20	3.14	†3.89
8 to 8½ years.....	12.86	32.14	64.28	128.56	257.12	642.80	1,285.60	3.17	†3.97
8½ to 9 years.....	13.11	32.77	65.54	131.08	262.16	655.40	1,310.80	3.21	†3.99
9 to 9½ years.....	13.36	33.41	66.82	133.64	267.28	668.20	1,336.40	3.25	†4.03
9½ to 10 years.....	13.63	34.07	68.14	136.28	272.56	681.40	1,362.80	3.29	†4.11
FIRST EXTENDED MATURITY VALUE (10 years from original maturity date) ²	13.91	34.77	69.54	139.08	278.16	695.40	1,390.80	\$3.33	-----
Period after first extended maturity (beginning 20 years after issue date)								(b) to second extended maturity	
								-----	-----
First ½ year.....	\$13.91	\$34.77	\$69.54	\$139.08	\$278.16	\$695.40	\$1,390.80	3.33	*4.15
Redemption values and investment yields to second extended maturity on basis of December 1, 1965, revision									
½ to 1 year.....	\$14.20	\$35.49	\$70.98	\$141.96	\$283.92	\$709.80	\$1,419.60	3.36	4.15
1 to 1½ years.....	14.49	36.23	72.46	144.92	289.84	724.60	1,449.20	3.40	4.15
1½ to 2 years.....	14.79	36.98	73.96	147.92	295.84	739.60	1,479.20	3.43	4.15
2 to 2½ years.....	15.10	37.75	75.50	151.00	302.00	755.00	1,510.00	3.46	4.15
2½ to 3 years.....	15.41	38.53	77.06	154.12	308.24	770.60	1,541.20	3.49	4.15
3 to 3½ years.....	15.73	39.33	78.66	157.32	314.64	786.60	1,573.20	3.52	4.15
3½ to 4 years.....	16.06	40.15	80.30	160.60	321.20	803.00	1,606.00	3.54	4.15
4 to 4½ years.....	16.39	40.98	81.96	163.92	327.84	819.60	1,639.20	3.56	4.15
4½ to 5 years.....	16.73	41.83	83.66	167.32	334.64	836.60	1,673.20	3.58	4.15
5 to 5½ years.....	17.08	42.70	85.40	170.80	341.60	854.00	1,708.00	3.60	4.15
5½ to 6 years.....	17.43	43.58	87.16	174.32	348.64	871.60	1,743.20	3.62	4.15
6 to 6½ years.....	17.80	44.49	88.98	177.96	355.92	889.80	1,779.60	3.64	4.15
6½ to 7 years.....	18.16	45.41	90.82	181.64	363.28	908.20	1,816.40	3.65	4.15
7 to 7½ years.....	18.54	46.35	92.70	185.40	370.80	927.00	1,854.00	3.66	4.15
7½ to 8 years.....	18.92	47.31	94.62	189.24	378.48	946.20	1,892.40	3.68	4.15
8 to 8½ years.....	19.32	48.30	96.60	193.20	386.40	966.00	1,932.00	3.69	4.15
8½ to 9 years.....	19.72	49.30	98.60	197.20	394.40	986.00	1,972.00	3.70	4.15
9 to 9½ years.....	20.13	50.32	100.64	201.28	402.56	1,006.40	2,012.80	3.72	4.15
9½ to 10 years.....	20.55	51.37	102.74	205.48	410.96	1,027.40	2,054.80	3.73	4.13
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ³	20.97	52.43	104.86	209.72	419.44	1,048.60	2,097.20	\$3.74	-----

¹ Calculated on basis of \$1,000 bond (face value).² Yields from beginning of each half-year period to first extended maturity, at first extended maturity value prior to the June 1, 1959, revision.³ Starting with the effective date of the June 1, 1959, revision, yields from beginning of each half-year period to first extended maturity date, at first extended maturity value prior to the December 1, 1965, revision.⁴ Yield on purchase price from issue date to first extended maturity date is 3.11 percent; second extended maturity date is 3.46 percent.⁵ Yield from effective date of the December 1, 1965, revision to the next maturity date.⁶ For redemption values and investment yields during the original maturity period see Department Circular No. 653, Fifth Revision, dated September 23, 1959.⁷ 20 years from issue date. ⁸ 30 years from issue date.

TABLE 14
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1946

Issue price ----- Original maturity value..	\$7. 50 10. 00	\$18. 75 25. 00	\$37. 50 50. 00	\$75. 00 100. 00	\$150. 00 200. 00	\$375. 00 500. 00	\$750. 00 1, 000. 00	Approximate investment yield ¹	
	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the re- demption value at start of the first extended ma- turity period to the begin- ning of each half-year period thereafter ¹	(3) On cur- rent redem- tion value from begin- ning of each half-year period (a) to first extended maturity ¹
Period after original maturity (beginning 10 years after issue date)	FIRST EXTENDED MATURITY PERIOD ¹								
								Percent	Percent
First ½ year -----	\$10. 00	\$25. 00	\$50. 00	\$100. 00	\$200. 00	\$500. 00	\$1, 000. 00	0. 00	*3. 00
½ to 1 year -----	10. 15	25. 37	50. 75	101. 50	203. 00	507. 50	1, 015. 00	3. 00	*3. 00
1 to 1½ years -----	10. 30	25. 75	51. 50	103. 00	206. 00	515. 00	1, 030. 00	2. 98	*3. 00
1½ to 2 years -----	10. 45	26. 12	52. 25	104. 50	209. 00	522. 50	1, 045. 00	2. 96	*3. 01
2 to 2½ years -----	10. 60	26. 50	53. 00	106. 00	212. 00	530. 00	1, 060. 00	2. 93	*3. 02
2½ to 3 years -----	10. 76	26. 90	53. 80	107. 60	215. 20	538. 00	1, 076. 00	2. 95	*3. 02
3 to 3½ years -----	10. 92	27. 30	54. 60	109. 20	218. 40	546. 00	1, 092. 00	2. 96	†3. 52
3½ to 4 years -----	11. 08	27. 71	55. 42	110. 84	221. 68	554. 20	1, 108. 40	2. 96	†3. 56
4 to 4½ years -----	11. 25	28. 12	56. 24	112. 48	224. 96	562. 40	1, 124. 80	2. 96	†3. 61
4½ to 5 years -----	11. 42	28. 55	57. 10	114. 20	228. 40	571. 00	1, 142. 00	2. 97	†3. 66
5 to 5½ years -----	11. 61	29. 03	58. 06	116. 12	232. 24	580. 60	1, 161. 20	3. 01	†3. 69
5½ to 6 years -----	11. 81	29. 53	59. 06	118. 12	236. 24	590. 60	1, 181. 20	3. 05	†3. 72
6 to 6½ years -----	12. 02	30. 04	60. 08	120. 16	240. 32	600. 80	1, 201. 60	3. 08	†3. 75
6½ to 7 years -----	12. 23	30. 57	61. 14	122. 28	244. 56	611. 40	1, 222. 80	3. 12	†3. 78
7 to 7½ years -----	12. 44	31. 10	62. 20	124. 40	248. 80	622. 00	1, 244. 00	3. 14	†3. 83
7½ to 8 years -----	12. 66	31. 65	63. 30	126. 60	253. 20	633. 00	1, 266. 00	3. 17	†3. 89
8 to 8½ years -----	12. 89	32. 22	64. 44	128. 88	257. 76	644. 40	1, 288. 80	3. 20	†3. 96
8½ to 9 years -----	13. 14	32. 84	65. 68	131. 36	262. 72	656. 80	1, 313. 60	3. 23	†4. 00
9 to 9½ years -----	13. 40	33. 49	66. 98	133. 96	267. 92	669. 80	1, 339. 60	3. 28	†4. 02
9½ to 10 years -----	13. 66	34. 15	68. 30	136. 60	273. 20	683. 00	1, 366. 00	3. 31	**4. 51

Redemption values and investment yields to first extended maturity on basis of December 1, 1965, revision

FIRST EXTENDED MATURITY VALUE (10 years from original maturity date) ²	\$13.97	\$34.92	\$69.84	\$139.68	\$279.36	\$698.40	\$1,396.80	\$3.37	-----
Period after first extended maturity (beginning 20 years after issue date)	SECOND EXTENDED MATURITY PERIOD							(b) to second extended maturity	
First ½ year.....	\$13.97	\$34.92	\$69.84	\$139.68	\$279.36	\$698.40	\$1,396.80	3.37	4.15
½ to 1 year.....	14.26	35.64	71.28	142.56	285.12	712.80	1,425.60	3.41	4.15
1 to 1½ years.....	14.55	36.38	72.76	145.52	291.04	727.60	1,455.20	3.44	4.15
1½ to 2 years.....	14.86	37.14	74.28	148.56	297.12	742.80	1,485.60	3.47	4.15
2 to 2½ years.....	15.16	37.91	75.82	151.64	303.28	758.20	1,516.40	3.50	4.15
2½ to 3 years.....	15.48	38.70	77.40	154.80	309.60	774.00	1,548.00	3.53	4.15
3 to 3½ years.....	15.80	39.50	79.00	158.00	316.00	790.00	1,580.00	3.55	4.15
3½ to 4 years.....	16.13	40.32	80.64	161.28	322.56	806.40	1,612.80	3.57	4.15
4 to 4½ years.....	16.46	41.16	82.32	164.64	329.28	823.20	1,646.40	3.59	4.15
4½ to 5 years.....	16.80	42.01	84.02	168.04	336.08	840.20	1,680.40	3.61	4.15
5 to 5½ years.....	17.15	42.88	85.76	171.52	343.04	857.60	1,715.20	3.63	4.15
5½ to 6 years.....	17.51	43.77	87.54	175.08	350.16	875.40	1,750.80	3.65	4.15
6 to 6½ years.....	17.87	44.68	89.36	178.72	357.44	893.60	1,787.20	3.66	4.15
6½ to 7 years.....	18.24	45.61	91.22	182.44	364.88	912.20	1,824.40	3.68	4.15
7 to 7½ years.....	18.62	46.55	93.10	186.20	372.40	931.00	1,862.00	3.69	4.15
7½ to 8 years.....	19.01	47.52	95.04	190.08	380.16	950.40	1,900.80	3.70	4.15
8 to 8½ years.....	19.40	48.50	97.00	194.00	388.00	970.00	1,940.00	3.72	4.16
8½ to 9 years.....	19.80	49.51	99.02	198.04	396.08	990.20	1,980.40	3.73	4.15
9 to 9½ years.....	20.22	50.54	101.08	202.16	404.32	1,010.80	2,021.60	3.74	4.15
9½ to 10 years.....	20.64	51.59	103.18	206.36	412.72	1,031.80	2,063.60	3.75	4.15
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ³	21.06	52.66	105.32	210.64	421.28	1,053.20	2,106.40	\$3.76	-----

¹ Calculated on basis of \$1,000 bond (face value).

² Yield on purchase price from issue date to: first extended maturity date is 3.13 percent; second extended maturity date is 3.47 percent.

For all other footnotes see Table 13.

TABLE 15

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1946, THROUGH MAY 1, 1947

Issue price..... Original maturity value..	\$7.50 10.00	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	Approximate investment yield ¹	
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the re- demption value at start of the first extended ma- turity period to the begin- ning of each half-year period thereafter ²	(3) On cur- rent redemp- tion value from begin- ning of each half-year period (a) to first extended maturity ¹
	FIRST EXTENDED MATURITY PERIOD ¹							Percent	Percent
First ½ year	\$10.00	\$25.00	\$50.00	\$100.00	\$200.00	\$500.00	\$1,000.00	3.00	*3.00
½ to 1 year	10.15	25.37	50.75	101.50	203.00	507.50	1,015.00	3.00	*3.00
1 to 1½ years	10.30	25.75	51.50	103.00	206.00	515.00	1,030.00	2.98	*3.00
1½ to 2 years	10.45	26.12	52.25	104.50	209.00	522.50	1,045.00	2.96	*3.01
2 to 2½ years	10.60	26.50	53.00	106.00	212.00	530.00	1,060.00	2.93	*3.02
2½ to 3 years	10.76	26.90	53.80	107.60	215.20	538.00	1,076.00	2.95	†3.52
3 to 3½ years	10.92	27.31	54.62	109.24	218.48	546.20	1,092.40	2.97	†3.55
3½ to 4 years	11.09	27.72	55.44	110.88	221.76	554.40	1,108.80	2.97	†3.59
4 to 4½ years	11.26	28.14	56.28	112.56	225.12	562.80	1,125.60	2.98	†3.64
4½ to 5 years	11.43	28.58	57.16	114.32	228.64	571.60	1,143.20	3.00	†3.69
5 to 5½ years	11.63	29.07	58.14	116.28	232.56	581.40	1,162.80	3.04	†3.71
5½ to 6 years	11.83	29.58	59.16	118.32	236.64	591.60	1,183.20	3.08	†3.74
6 to 6½ years	12.04	30.09	60.18	120.36	240.72	601.80	1,203.60	3.11	†3.77
6½ to 7 years	12.25	30.62	61.24	122.48	244.96	612.40	1,224.80	3.14	†3.81
7 to 7½ years	12.47	31.17	62.34	124.68	249.36	623.40	1,246.80	3.18	†3.84
7½ to 8 years	12.69	31.72	63.44	126.88	253.76	634.40	1,268.80	3.20	†3.91
8 to 8½ years	12.92	32.29	64.58	129.16	258.32	645.80	1,291.60	3.22	†3.98
8½ to 9 years	13.17	32.92	65.84	131.68	263.36	658.40	1,316.80	3.26	†4.01
9 to 9½ years	13.43	33.57	67.14	134.28	268.56	671.40	1,342.80	3.30	**4.45
Redemption values and investment yields to first extended maturity on basis of December 1, 1965, revision									
9½ to 10 years	\$13.70	\$34.26	\$68.52	\$137.04	\$274.08	\$685.20	\$1,370.40	3.34	4.79
FIRST EXTENDED MATURITY VALUE (10 years from original ma- turity date)²	14.03	35.08	70.16	140.32	280.64	701.60	1,403.20	\$3.42	-----
Period after first extended ma- turity (beginning 20 years after issue date)	SECOND EXTENDED MATURITY PERIOD							(b) to second extended maturity	
First ½ year	\$14.03	\$35.08	\$70.16	\$140.32	\$280.64	\$701.60	\$1,403.20	3.42	4.15
½ to 1 year	14.32	35.81	71.62	143.24	286.48	716.20	1,432.40	3.45	4.15
1 to 1½ years	14.62	36.55	73.10	146.20	292.40	731.00	1,462.00	3.48	4.15
1½ to 2 years	14.92	37.31	74.62	149.24	298.48	746.20	1,492.40	3.51	4.15
2 to 2½ years	15.23	38.08	76.16	152.32	304.64	761.60	1,523.20	3.54	4.15
2½ to 3 years	15.55	38.87	77.74	155.48	310.96	777.40	1,554.80	3.56	4.15
3 to 3½ years	15.87	39.68	79.36	158.72	317.44	793.60	1,587.20	3.59	4.15
3½ to 4 years	16.20	40.50	81.00	162.00	324.00	810.00	1,620.00	3.61	4.15
4 to 4½ years	16.54	41.34	82.68	165.36	330.72	826.80	1,653.60	3.62	4.15
4½ to 5 years	16.88	42.20	84.40	168.80	337.60	844.00	1,688.00	3.64	4.15
5 to 5½ years	17.23	43.08	86.16	172.32	344.64	861.60	1,723.20	3.66	4.15
5½ to 6 years	17.59	43.97	87.94	175.88	351.76	879.40	1,758.80	3.68	4.15
6 to 6½ years	17.95	44.88	89.76	179.52	359.04	897.60	1,795.20	3.69	4.15
6½ to 7 years	18.33	45.82	91.64	183.28	366.56	916.40	1,832.80	3.71	4.15
7 to 7½ years	18.71	46.77	93.54	187.08	374.16	935.40	1,870.80	3.72	4.15
7½ to 8 years	19.10	47.74	95.48	190.96	381.92	954.80	1,909.60	3.73	4.15
8 to 8½ years	19.49	48.73	97.46	194.92	389.84	974.60	1,949.20	3.74	4.15
8½ to 9 years	19.90	49.74	99.48	198.96	397.92	994.80	1,989.60	3.75	4.15
9 to 9½ years	20.31	50.77	101.54	203.08	406.16	1,015.40	2,030.80	3.76	4.15
9½ to 10 years	20.73	51.82	103.64	207.28	414.56	1,036.40	2,072.80	3.77	4.17
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date)³	21.16	52.90	105.80	211.60	423.20	1,058.00	2,116.00	\$3.78	-----

¹ Calculated on basis of \$1,000 bond (face value).² Yield on purchase price from issue date to: first extended maturity date is 3.16 percent; second extended maturity date is 3.49 percent.³ For all other footnotes see Table 13.

TABLE 16
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1947

Issue price..... Original maturity value.....	\$7.50 10.00	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	Approximate investment yield:	
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redem- ption value at start of the first extended maturity period to the begin- ning of each half-year period thereafter 1	(3) On cur- rent redem- ption value from begin- ning of each half-year period (a) to first extended maturity 1
	FIRST EXTENDED MATURITY PERIOD 1							Percent	Percent
First ½ year.....	\$10.00	\$25.00	\$50.00	\$100.00	\$200.00	\$500.00	\$1,000.00	0.00	*3.00
½ to 1 year.....	10.15	25.37	50.75	101.50	203.00	507.50	1,015.00	3.00	*3.00
1 to 1½ years.....	10.30	25.75	51.50	103.00	206.00	515.00	1,030.00	2.98	*3.00
1½ to 2 years.....	10.45	26.12	52.25	104.50	209.00	522.50	1,045.00	2.96	*3.01
2 to 2½ years.....	10.60	26.50	53.00	106.00	212.00	530.00	1,060.00	2.93	13.52
2½ to 3 years.....	10.76	26.91	53.82	107.64	215.28	538.20	1,076.40	2.97	13.54
3 to 3½ years.....	10.93	27.32	54.64	109.28	218.56	546.40	1,092.80	2.98	13.58
3½ to 4 years.....	11.10	27.74	55.48	110.96	221.92	554.80	1,109.60	2.99	13.62
4 to 4½ years.....	11.27	28.17	56.34	112.68	225.36	563.40	1,126.80	3.01	13.66
4½ to 5 years.....	11.44	28.61	57.22	114.44	228.88	572.20	1,144.40	3.02	13.71
5 to 5½ years.....	11.64	29.11	58.22	116.44	232.88	582.20	1,164.40	3.07	13.73
5½ to 6 years.....	11.85	29.63	59.26	118.52	237.04	592.60	1,185.20	3.11	13.78
6 to 6½ years.....	12.06	30.15	60.30	120.60	241.20	603.00	1,206.00	3.15	13.75
6½ to 7 years.....	12.27	30.68	61.36	122.72	245.44	613.60	1,227.20	3.17	13.82
7 to 7½ years.....	12.49	31.23	62.46	124.92	249.84	624.60	1,249.20	3.20	13.85
7½ to 8 years.....	12.72	31.79	63.58	127.16	254.32	635.80	1,271.60	3.23	13.91
8 to 8½ years.....	12.94	32.36	64.72	129.44	258.88	647.20	1,294.40	3.25	13.99
8½ to 9 years.....	13.20	33.00	66.00	132.00	264.00	660.00	1,320.00	3.29	*4.41
Redemption values and investment yields to first extended maturity on basis of December 1, 1965, revision									
9 to 9½ years.....	\$13.47	\$33.67	\$67.34	\$134.68	\$269.36	\$673.40	\$1,346.80	3.34	4.58
9½ to 10 years.....	13.76	34.41	68.82	137.64	275.28	688.20	1,376.40	3.39	4.77
FIRST EXTENDED MATURITY VALUE (10 years from original maturity date) 2.....	14.09	35.23	70.46	140.92	281.84	704.60	1,409.20	\$3.46	-----
Period after first extended maturity (beginning 20 years after issue date)	SECOND EXTENDED MATURITY PERIOD								(b) to second extended maturity
First ½ year.....	\$14.09	\$35.23	\$70.46	\$140.92	\$281.84	\$704.60	\$1,409.20	3.46	4.15
½ to 1 year.....	14.38	35.96	71.92	143.84	287.68	719.20	1,438.40	3.49	4.15
1 to 1½ years.....	14.68	36.71	73.42	146.84	293.68	734.20	1,468.40	3.52	4.15
1½ to 2 years.....	14.99	37.47	74.94	149.88	299.76	749.40	1,498.80	3.55	4.15
2 to 2½ years.....	15.30	38.25	76.50	153.00	306.00	765.00	1,530.00	3.58	4.15
2½ to 3 years.....	15.62	39.04	78.08	156.16	312.32	780.80	1,561.60	3.60	4.15
3 to 3½ years.....	15.94	39.85	79.70	159.40	318.80	797.00	1,594.00	3.62	4.15
3½ to 4 years.....	16.27	40.68	81.36	162.72	325.44	813.60	1,627.20	3.64	4.15
4 to 4½ years.....	16.61	41.52	83.04	166.08	332.16	830.40	1,660.80	3.66	4.15
4½ to 5 years.....	16.95	42.38	84.76	169.52	339.04	847.60	1,695.20	3.67	4.15
5 to 5½ years.....	17.30	43.26	86.52	173.04	346.08	865.20	1,730.40	3.69	4.15
5½ to 6 years.....	17.66	44.16	88.32	176.64	353.28	883.20	1,766.40	3.70	4.15
6 to 6½ years.....	18.03	45.08	90.16	180.32	360.64	901.60	1,803.20	3.72	4.15
6½ to 7 years.....	18.40	46.01	92.02	184.04	368.08	920.20	1,840.40	3.73	4.15
7 to 7½ years.....	18.79	46.97	93.94	187.88	375.76	939.40	1,878.80	3.74	4.15
7½ to 8 years.....	19.18	47.94	95.88	191.76	383.52	958.80	1,917.60	3.76	4.15
8 to 8½ years.....	19.58	48.94	97.88	195.76	391.52	978.80	1,957.60	3.77	4.15
8½ to 9 years.....	19.98	49.95	99.90	199.80	399.60	999.00	1,998.00	3.78	4.16
9 to 9½ years.....	20.40	50.99	101.98	203.96	407.92	1,019.80	2,039.60	3.79	4.15
9½ to 10 years.....	20.82	52.05	104.10	208.20	416.40	1,041.00	2,082.00	3.80	4.15
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) 3.....	21.25	53.13	106.26	212.52	425.04	1,062.60	2,125.20	\$3.81	-----

1 Calculated on basis of \$1,000 bond (face value).

2 Yield on purchase price from issue date to: first extended maturity date is 3.18 percent; second extended maturity date is 3.50 percent.

For all other footnotes see Table 13.

TABLE 17

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1947, THROUGH MAY 1, 1948

Issue price.....	\$7. 50	\$18. 75	\$37. 50	\$75. 00	\$150. 00	\$375. 00	\$750. 00	Approximate investment yield ¹	
Original maturity value.....	10. 00	25. 00	50. 00	100. 00	200. 00	500. 00	1, 000. 00		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the first extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period (a) to first extended maturity ¹
	FIRST EXTENDED MATURITY PERIOD ¹							Percent	Percent
First ½ year.....	\$10. 00	\$25. 00	\$50. 00	\$100. 00	\$200. 00	\$500. 00	\$1, 000. 00	0. 00	*3. 00
½ to 1 year.....	10. 15	25. 37	50. 75	101. 50	203. 00	507. 50	1, 015. 00	3. 00	*3. 00
1 to 1½ years.....	10. 30	25. 75	51. 50	103. 00	206. 00	515. 00	1, 030. 00	2. 98	*3. 00
1½ to 2 years.....	10. 45	26. 12	52. 25	104. 50	209. 00	522. 50	1, 045. 00	2. 96	*3. 51
2 to 2½ years.....	10. 60	26. 51	53. 02	106. 04	212. 08	530. 20	1, 060. 40	2. 95	*3. 54
2½ to 3 years.....	10. 77	26. 92	53. 84	107. 68	215. 36	538. 40	1, 076. 80	2. 98	*3. 57
3 to 3½ years.....	10. 94	27. 34	54. 68	109. 36	218. 72	546. 80	1, 093. 60	3. 00	*3. 61
3½ to 4 years.....	11. 11	27. 77	55. 54	111. 08	222. 16	555. 40	1, 110. 80	3. 02	*3. 64
4 to 4½ years.....	11. 28	28. 20	56. 40	112. 80	225. 60	564. 00	1, 128. 00	3. 03	*3. 69
4½ to 5 years.....	11. 46	28. 65	57. 30	114. 60	229. 20	573. 00	1, 146. 00	3. 05	*3. 73
5 to 5½ years.....	11. 66	29. 16	58. 32	116. 64	233. 28	583. 20	1, 166. 40	3. 10	*3. 75
5½ to 6 years.....	11. 87	29. 68	59. 36	118. 72	237. 44	593. 60	1, 187. 20	3. 14	*3. 77
6 to 6½ years.....	12. 08	30. 21	60. 42	120. 84	241. 68	604. 20	1, 208. 40	3. 18	*3. 79
6½ to 7 years.....	12. 30	30. 75	61. 50	123. 00	246. 00	615. 00	1, 230. 00	3. 21	*3. 82
7 to 7½ years.....	12. 52	31. 30	62. 60	125. 20	250. 40	626. 00	1, 252. 00	3. 24	*3. 87
7½ to 8 years.....	12. 74	31. 86	63. 72	127. 44	254. 88	637. 20	1, 274. 40	3. 26	*3. 92
8 to 8½ years.....	12. 98	32. 44	64. 88	129. 76	259. 52	648. 80	1, 297. 60	3. 28	*4. 40
Redemption values and investment yields to first extended maturity on basis of December 1, 1948, revision									
8½ to 9 years.....	\$13. 24	\$33. 10	\$66. 20	\$132. 40	\$264. 80	\$662. 00	\$1, 324. 00	3. 33	4. 51
9 to 9½ years.....	13. 52	33. 80	67. 60	135. 20	270. 40	676. 00	1, 352. 00	3. 38	4. 65
9½ to 10 years.....	13. 82	34. 55	69. 10	138. 20	276. 40	691. 00	1, 382. 00	3. 43	4. 86
FIRST EXTENDED MATURITY VALUE (10 years from original maturity date)²	14. 16	35. 39	70. 78	141. 56	283. 12	707. 80	1, 415. 60	\$3. 51	-----
Period after first extended maturity (beginning 20 years after issue date)	SECOND EXTENDED MATURITY PERIOD							(b) to second extended maturity	
First ½ year.....	\$14. 16	\$35. 39	\$70. 78	\$141. 56	\$283. 12	\$707. 80	\$1, 415. 60	3. 51	4. 15
½ to 1 year.....	14. 45	36. 12	72. 24	144. 48	288. 96	722. 40	1, 444. 80	3. 54	4. 15
1 to 1½ years.....	14. 75	36. 87	73. 74	147. 48	294. 96	737. 40	1, 474. 80	3. 56	4. 15
1½ to 2 years.....	15. 06	37. 64	75. 28	150. 56	301. 12	752. 80	1, 505. 60	3. 59	4. 15
2 to 2½ years.....	15. 37	38. 42	76. 84	153. 68	307. 36	768. 40	1, 536. 80	3. 61	4. 15
2½ to 3 years.....	15. 69	39. 22	78. 44	156. 88	313. 76	784. 40	1, 568. 80	3. 64	4. 15
3 to 3½ years.....	16. 01	40. 03	80. 06	160. 12	320. 24	800. 60	1, 601. 20	3. 65	4. 15
3½ to 4 years.....	16. 34	40. 86	81. 72	163. 44	326. 88	817. 20	1, 634. 40	3. 67	4. 15
4 to 4½ years.....	16. 68	41. 71	83. 42	166. 84	333. 68	834. 20	1, 668. 40	3. 69	4. 15
4½ to 5 years.....	17. 03	42. 58	85. 16	170. 32	340. 64	851. 60	1, 703. 20	3. 71	4. 15
5 to 5½ years.....	17. 38	43. 46	86. 92	173. 84	347. 68	869. 20	1, 738. 40	3. 72	4. 15
5½ to 6 years.....	17. 74	44. 36	88. 72	177. 44	354. 88	887. 20	1, 774. 40	3. 73	4. 15
6 to 6½ years.....	18. 11	45. 28	90. 56	181. 12	362. 24	905. 60	1, 811. 20	3. 75	4. 15
6½ to 7 years.....	18. 49	46. 22	92. 44	184. 88	369. 76	924. 40	1, 848. 80	3. 76	4. 15
7 to 7½ years.....	18. 87	47. 18	94. 36	188. 72	377. 44	943. 60	1, 887. 20	3. 77	4. 15
7½ to 8 years.....	19. 26	48. 16	96. 32	192. 64	385. 28	963. 20	1, 926. 40	3. 78	4. 15
8 to 8½ years.....	19. 66	49. 16	98. 32	196. 64	393. 28	983. 20	1, 966. 40	3. 79	4. 15
8½ to 9 years.....	20. 07	50. 18	100. 36	200. 72	401. 44	1, 003. 60	2, 007. 20	3. 80	4. 15
9 to 9½ years.....	20. 49	51. 22	102. 44	204. 88	409. 76	1, 024. 40	2, 048. 80	3. 81	4. 15
9½ to 10 years.....	20. 91	52. 28	104. 56	209. 12	418. 24	1, 045. 60	2, 091. 20	3. 82	4. 17
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date)³	21. 35	53. 37	106. 74	213. 48	426. 96	1, 067. 40	2, 134. 80	\$3. 83	-----

¹ Calculated on basis of \$1,000 bond (face value).² Yield on purchase price from issue date to: first extended maturity date is 3.20 percent; second extended maturity date is 3.52 percent.

For all other footnotes see Table 13.

TABLE 18
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1948

Issue price	\$7.50	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield ¹	
Original maturity value ..	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the first extended maturity period to beginning of each half-year period thereafter	
	FIRST EXTENDED MATURITY PERIOD ²							(3) On current redemption value from beginning of each half-year period (a) to first extended maturity ¹	
First ½ year	\$10.00	\$25.00	\$50.00	\$100.00	\$200.00	\$500.00	\$1,000.00	Percent	Percent
½ to 1 year	10.15	25.37	50.75	101.50	203.00	507.50	1,015.00	0.00	*3.00
1 to 1½ years	10.30	25.75	51.50	103.00	206.00	515.00	1,030.00	3.00	*3.00
1½ to 2 years	10.46	26.14	52.28	104.56	209.12	522.80	1,045.60	2.98	*3.50
2 to 2½ years	10.61	26.52	53.04	106.08	212.16	530.40	1,060.80	2.99	*3.53
2½ to 3 years	10.77	26.93	53.86	107.72	215.44	538.60	1,077.20	2.97	*3.57
3 to 3½ years	10.94	27.36	54.72	109.44	218.88	547.20	1,094.40	3.00	*3.60
3½ to 4 years	11.12	27.80	55.60	111.20	222.40	556.00	1,112.00	3.03	*3.63
4 to 4½ years	11.30	28.24	56.48	112.96	225.92	564.80	1,129.60	3.06	*3.66
4½ to 5 years	11.48	28.69	57.38	114.76	229.52	573.80	1,147.60	3.07	*3.70
5 to 5½ years	11.68	29.21	58.42	116.84	233.68	584.20	1,168.40	3.08	*3.75
5½ to 6 years	11.89	29.73	59.46	118.92	237.84	594.60	1,189.20	3.14	*3.76
6 to 6½ years	12.10	30.26	60.52	121.04	242.08	605.20	1,210.40	3.15	*3.79
6½ to 7 years	12.32	30.81	61.62	123.24	246.48	616.20	1,232.40	3.21	*3.81
7 to 7½ years	12.55	31.37	62.74	125.48	250.96	627.40	1,254.80	3.24	*3.84
7½ to 8 years	12.77	31.93	63.86	127.72	255.44	638.60	1,277.20	3.27	*3.87
Redemption values and investment yields to first extended maturity on basis of December 1, 1965, revision									
8 to 8½ years	\$13.01	\$32.52	\$65.04	\$130.08	\$260.16	\$650.40	\$1,300.80	3.48	4.50
8½ to 9 years	13.28	33.20	66.40	132.80	265.60	664.00	1,328.00	3.31	4.61
9 to 9½ years	13.57	33.93	67.86	135.72	271.44	678.60	1,357.20	3.37	4.61
9½ to 10 years	13.88	34.70	69.40	138.80	277.60	694.00	1,388.00	3.42	4.72
FIRST EXTENDED MATURITY VALUE (10 years from original maturity date)²	14.22	35.55	71.10	142.20	284.40	711.00	1,422.00	\$3.55	4.90
Period after first extended maturity (beginning 20 years after issue date)	SECOND EXTENDED MATURITY PERIOD							(b) to second extended maturity	
First ½ year	\$14.22	\$35.55	\$71.10	\$142.20	\$284.40	\$711.00	\$1,422.00	3.55	4.15
½ to 1 year	14.52	36.29	72.58	145.16	290.32	725.80	1,451.60	3.58	4.15
1 to 1½ years	14.82	37.04	74.08	148.16	296.32	740.80	1,481.60	3.61	4.15
1½ to 2 years	15.12	37.81	75.62	151.24	302.48	756.20	1,512.40	3.63	4.15
2 to 2½ years	15.44	38.59	77.18	154.36	308.72	771.80	1,543.60	3.65	4.15
2½ to 3 years	15.76	39.39	78.78	157.56	315.12	787.80	1,575.60	3.67	4.15
3 to 3½ years	16.08	40.21	80.42	160.84	321.68	804.20	1,608.40	3.69	4.15
3½ to 4 years	16.42	41.05	82.10	164.20	328.40	821.00	1,642.00	3.71	4.15
4 to 4½ years	16.76	41.90	83.80	167.60	335.20	838.00	1,676.00	3.72	4.15
4½ to 5 years	17.11	42.77	85.54	171.08	342.16	855.40	1,710.80	3.74	4.15
5 to 5½ years	17.46	43.65	87.30	174.60	349.20	873.00	1,746.00	3.75	4.15
5½ to 6 years	17.82	44.56	89.12	178.24	356.48	891.20	1,782.40	3.76	4.15
6 to 6½ years	18.20	45.49	90.98	181.96	363.92	909.80	1,819.60	3.78	4.15
6½ to 7 years	18.57	46.43	92.86	185.72	371.44	928.60	1,857.20	3.79	4.15
7 to 7½ years	18.96	47.39	94.78	189.56	379.12	947.80	1,895.60	3.80	4.15
7½ to 8 years	19.35	48.38	96.76	193.52	387.04	967.60	1,935.20	3.81	4.15
8 to 8½ years	19.75	49.38	98.76	197.52	395.04	987.60	1,975.20	3.82	4.15
8½ to 9 years	20.16	50.40	100.80	201.60	403.20	1,008.00	2,016.00	3.83	4.16
9 to 9½ years	20.58	51.45	102.90	205.80	411.60	1,029.00	2,058.00	3.83	4.16
9½ to 10 years	21.01	52.52	105.04	210.08	420.16	1,050.40	2,100.80	3.84	4.15
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date)²	21.44	53.61	107.22	214.44	428.88	1,072.20	2,144.40	\$3.85	4.15

¹ Calculated on basis of \$1,000 bond (face value).

² Yield on purchase price from issue date to: first extended maturity date is 3.22 percent; second extended maturity date is 3.53 percent.

For all other footnotes see Table 13.

TABLE 19
BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1948, THROUGH MAY 1, 1949

Issue price Original maturity value.	\$7.50 10.00	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	Approximate investment yield †	
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the re- demption value at start of the first extended ma- turity period to the begin- ning of each half-year period thereafter †	(3) On cur- rent redem- ption value from begin- ning of each half-year period (a) to first extended maturity †
	FIRST EXTENDED MATURITY PERIOD †							Percent	Percent
First ½ year	\$10.00	\$25.00	\$50.00	\$100.00	\$200.00	\$500.00	\$1,000.00	0.00	*3.00
½ to 1 year	10.15	25.37	50.75	101.50	203.00	507.50	1,015.00	3.00	3.50
1 to 1½ years	10.30	25.76	51.52	103.04	206.08	515.20	1,030.40	3.02	3.53
1½ to 2 years	10.46	26.14	52.28	104.56	209.12	522.80	1,045.60	2.99	3.56
2 to 2½ years	10.61	26.53	53.06	106.12	212.24	530.60	1,061.20	2.99	3.59
2½ to 3 years	10.78	26.96	53.92	107.84	215.68	539.20	1,078.40	3.04	3.62
3 to 3½ years	10.96	27.39	54.78	109.56	219.12	547.80	1,095.60	3.07	3.65
3½ to 4 years	11.13	27.83	55.66	111.32	222.64	556.60	1,113.20	3.09	3.68
4 to 4½ years	11.31	28.28	56.56	113.12	226.24	565.60	1,131.20	3.11	3.72
4½ to 5 years	11.50	28.74	57.48	114.96	229.92	574.80	1,149.60	3.12	3.76
5 to 5½ years	11.70	29.26	58.52	117.04	234.08	585.20	1,170.40	3.17	3.78
5½ to 6 years	11.92	29.79	59.58	119.16	238.32	595.80	1,191.60	3.21	3.79
6 to 6½ years	12.13	30.33	60.66	121.32	242.64	606.60	1,213.20	3.25	3.82
6½ to 7 years	12.35	30.87	61.74	123.48	246.96	617.40	1,234.80	3.27	3.85
7 to 7½ years	12.57	31.43	62.86	125.72	251.44	628.60	1,257.20	3.30	*4.29
Redemption values and investment yields to first extended maturity on basis of December 1, 1965, revision									
7½ to 8 years	\$12.80	\$32.01	\$64.02	\$128.04	\$256.08	\$640.20	\$1,280.40	3.32	4.41
8 to 8½ years	13.05	32.63	65.26	130.52	261.04	652.60	1,305.20	3.36	4.55
8½ to 9 years	13.33	33.33	66.66	133.32	266.64	666.60	1,333.20	3.41	4.63
9 to 9½ years	13.63	34.07	68.14	136.28	272.56	681.40	1,362.80	3.47	4.73
9½ to 10 years	13.94	34.85	69.70	139.40	278.80	697.00	1,394.00	3.53	4.88
FIRST EXTENDED MATURITY VALUE (10 years from original maturity date) ²	14.28	35.70	71.40	142.80	285.60	714.00	1,428.00	\$3.59	-----
Period after first extended ma- turity (beginning 20 years after issue date)	SECOND EXTENDED MATURITY PERIOD							(b) to second extended maturity	
First ½ year	\$14.28	\$35.70	\$71.40	\$142.80	\$285.60	\$714.00	\$1,428.00	3.59	4.15
½ to 1 year	14.58	36.44	72.88	145.76	291.52	728.80	1,457.60	3.62	4.15
1 to 1½ years	14.88	37.20	74.40	148.80	297.60	744.00	1,488.00	3.65	4.15
1½ to 2 years	15.19	37.97	75.94	151.88	303.76	759.40	1,518.80	3.67	4.15
2 to 2½ years	15.50	38.76	77.52	155.04	310.08	775.20	1,550.40	3.69	4.15
2½ to 3 years	15.82	39.56	79.12	158.24	316.48	791.20	1,582.40	3.71	4.15
3 to 3½ years	16.15	40.38	80.76	161.52	323.04	807.60	1,615.20	3.72	4.15
3½ to 4 years	16.49	41.22	82.44	164.88	329.76	824.40	1,648.80	3.74	4.15
4 to 4½ years	16.83	42.07	84.14	168.28	336.56	841.40	1,682.80	3.75	4.15
4½ to 5 years	17.18	42.95	85.90	171.80	343.60	859.00	1,718.00	3.77	4.15
5 to 5½ years	17.54	43.84	87.68	175.36	350.72	876.80	1,753.60	3.78	4.15
5½ to 6 years	17.90	44.75	89.50	179.00	358.00	895.00	1,790.00	3.79	4.15
6 to 6½ years	18.27	45.68	91.36	182.72	365.44	913.60	1,827.20	3.80	4.15
6½ to 7 years	18.65	46.63	93.26	186.52	373.04	932.60	1,865.20	3.81	4.14
7 to 7½ years	19.04	47.59	95.18	190.36	380.72	951.80	1,903.60	3.82	4.15
7½ to 8 years	19.43	48.58	97.16	194.32	388.64	971.60	1,943.20	3.83	4.15
8 to 8½ years	19.84	49.59	99.18	198.36	396.72	991.80	1,983.60	3.84	4.14
8½ to 9 years	20.25	50.62	101.24	202.48	404.96	1,012.40	2,024.80	3.85	4.14
9 to 9½ years	20.67	51.67	103.34	206.68	413.36	1,033.40	2,066.80	3.86	4.14
9½ to 10 years	21.10	52.74	105.48	210.96	421.02	1,054.80	2,109.60	3.87	4.13
SECOND EXTENDED MATURITY VALUE (20 years from original maturity date) ³	21.53	53.83	107.66	215.32	430.64	1,076.60	2,153.20	\$3.87	-----

¹ Calculated on basis of \$1,000 bond (face value).

² Yield on purchase price from issue date to first extended maturity date is 3.25 percent; second extended maturity date is 3.55 percent.

For all other footnotes see Table 13.

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TABLE 20

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1949

Issue price	\$7.50	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield †	
Original maturity value ..	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ‡	(3) On current redemption value from beginning of each half-year period to extended maturity ‡
	EXTENDED MATURITY PERIOD †							Percent	Percent
First ¼ year	\$10.00	\$25.00	\$50.00	\$100.00	\$200.00	\$500.00	\$1,000.00	0.00	13.75
¼ to 1 year	10.18	25.44	50.88	101.76	203.52	508.80	1,017.60	3.52	13.76
1 to 1½ years	10.36	25.89	51.78	103.56	207.12	517.80	1,035.60	3.53	13.77
1½ to 2 years	10.54	26.35	52.70	105.40	210.80	527.00	1,054.00	3.54	13.79
2 to 2½ years	10.73	26.83	53.66	107.32	214.64	536.60	1,073.20	3.56	13.80
2½ to 3 years	10.92	27.31	54.62	109.24	218.48	546.20	1,092.40	3.57	13.81
3 to 3½ years	11.12	27.81	55.62	111.24	222.48	556.20	1,112.40	3.58	13.82
3½ to 4 years	11.33	28.32	56.64	113.28	226.56	566.40	1,132.80	3.59	13.83
4 to 4½ years	11.54	28.84	57.68	115.36	230.72	576.80	1,153.60	3.60	13.85
4½ to 5 years	11.75	29.38	58.76	117.52	235.04	587.60	1,175.20	3.62	13.86
5 to 5½ years	11.97	29.93	59.86	119.72	239.44	598.60	1,197.20	3.63	13.87
5½ to 6 years	12.20	30.49	60.98	121.96	243.92	609.80	1,219.60	3.64	13.88
6 to 6½ years	12.43	31.07	62.14	124.28	248.56	621.40	1,242.80	3.66	13.89
6½ to 7 years	12.66	31.66	63.32	126.64	253.28	633.20	1,266.40	3.67	**4.31
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
7 to 7½ years	\$12.91	\$32.27	\$64.54	\$129.08	\$258.16	\$645.40	\$1,290.80	3.68	4.39
7½ to 8 years	13.17	32.93	65.86	131.72	263.44	658.60	1,317.20	3.71	4.45
8 to 8½ years	13.45	33.62	67.24	134.48	268.96	672.40	1,344.80	3.74	4.51
8½ to 9 years	13.74	34.34	68.68	137.36	274.72	686.80	1,373.60	3.77	4.59
9 to 9½ years	14.04	35.10	70.20	140.40	280.80	702.00	1,404.00	3.81	4.67
9½ to 10 years	14.36	35.91	71.82	143.64	287.28	718.20	1,436.40	3.85	4.73
EXTENDED MATU- RITY VALUE (10 years from original maturity date)²	14.70	36.76	73.52	147.04	294.08	735.20	1,470.40	\$3.89	-----

† Calculated on basis of \$1,000 bond (face value).

‡ Yield on purchase price from issue date to extended maturity date is 3.39 percent.

For all other footnotes see Table 13.

TABLE 21

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1949, THROUGH MAY 1, 1950

Issue price.....	\$7.50	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield†	
Original maturity value.....	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00		
Maturity value.....	10.03	25.08	50.16	100.32	200.64	501.60	1,003.20		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter †	(3) On current redemption value from beginning of each half-year period to extended maturity ‡
	EXTENDED MATURITY PERIOD †							Percent	Percent
First ½ year.....	\$10.03	\$25.08	\$50.16	\$100.32	\$200.64	\$501.60	\$1,003.20	0.00	3.75
½ to 1 year.....	10.21	25.52	51.04	102.08	204.16	510.40	1,020.80	3.51	3.76
1 to 1½ years.....	10.39	25.97	51.94	103.88	207.76	519.40	1,038.80	3.52	3.77
1½ to 2 years.....	10.58	26.44	52.88	105.76	211.52	528.80	1,057.60	3.55	3.78
2 to 2½ years.....	10.76	26.91	53.82	107.64	215.28	538.20	1,076.40	3.55	3.80
2½ to 3 years.....	10.96	27.40	54.80	109.60	219.20	548.00	1,096.00	3.57	3.81
3 to 3½ years.....	11.16	27.90	55.80	111.60	223.20	558.00	1,116.00	3.58	3.82
3½ to 4 years.....	11.36	28.41	56.82	113.64	227.28	568.20	1,136.40	3.59	3.83
4 to 4½ years.....	11.57	28.93	57.86	115.72	231.44	578.60	1,157.20	3.60	3.85
4½ to 5 years.....	11.79	29.47	58.94	117.88	235.76	589.40	1,178.80	3.62	3.86
5 to 5½ years.....	12.01	30.02	60.04	120.08	240.16	600.40	1,200.80	3.63	3.87
5½ to 6 years.....	12.24	30.59	61.18	122.36	244.72	611.80	1,223.60	3.64	3.88
6 to 6½ years.....	12.46	31.16	62.32	124.64	249.28	623.20	1,246.40	3.65	**4.30
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
6½ to 7 years.....	\$12.71	\$31.77	\$63.54	\$127.08	\$254.16	\$635.40	\$1,270.80	3.67	4.35
7 to 7½ years.....	12.96	32.40	64.80	129.60	259.20	648.00	1,296.00	3.69	4.42
7½ to 8 years.....	13.22	33.06	66.12	132.24	264.48	661.20	1,322.40	3.72	4.49
8 to 8½ years.....	13.50	33.76	67.52	135.04	270.08	675.20	1,350.40	3.75	4.55
8½ to 9 years.....	13.80	34.50	69.00	138.00	276.00	690.00	1,380.00	3.79	4.61
9 to 9½ years.....	14.11	35.27	70.54	141.08	282.16	705.40	1,410.80	3.82	4.68
9½ to 10 years.....	14.44	36.10	72.20	144.40	288.80	722.00	1,444.00	3.87	4.65
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ‡.....	14.78	36.94	73.88	147.76	295.52	738.80	1,477.60	\$3.91	-----

†Calculated on basis of \$1,000 bond (face value).

‡Yield on purchase price from issue date to extended maturity date is 3.42 percent.

For all other footnotes see Table 13.

TABLE 22

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1950

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00		
Maturity value.....	25.15	50.30	100.60	201.20	503.00	1,006.00		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)						(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹							
First ½ year.....	\$25.15	\$50.30	\$100.60	\$201.20	\$503.00	\$1,006.00	Percent 0.00	Percent 13.75
½ to 1 year.....	25.59	51.18	102.36	204.72	511.80	1,023.60	3.50	13.76
1 to 1½ years.....	26.05	52.10	104.20	208.40	521.00	1,042.00	3.55	13.77
1½ to 2 years.....	26.51	53.02	106.04	212.08	530.20	1,060.40	3.54	13.79
2 to 2½ years.....	26.99	53.98	107.96	215.92	539.80	1,079.60	3.56	13.80
2½ to 3 years.....	27.48	54.96	109.92	219.84	549.60	1,099.20	3.58	13.81
3 to 3½ years.....	27.98	55.96	111.92	223.84	559.60	1,119.20	3.59	13.82
3½ to 4 years.....	28.49	56.98	113.96	227.92	569.80	1,139.60	3.59	13.84
4 to 4½ years.....	29.01	58.02	116.04	232.08	580.20	1,160.40	3.60	13.85
4½ to 5 years.....	29.55	59.10	118.20	236.40	591.00	1,182.00	3.62	13.86
5 to 5½ years.....	30.10	60.20	120.40	240.80	602.00	1,204.00	3.63	13.88
5½ to 6 years.....	30.67	61.34	122.68	245.36	613.40	1,226.80	3.64	**4.29
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision								
6 to 6½ years.....	\$31.26	\$62.52	\$125.04	\$250.08	\$625.20	\$1,250.40	3.66	4.34
6½ to 7 years.....	31.88	63.76	127.52	255.04	637.60	1,275.20	3.68	4.40
7 to 7½ years.....	32.53	65.06	130.12	260.24	650.60	1,301.20	3.71	4.45
7½ to 8 years.....	33.20	66.40	132.80	265.60	664.00	1,328.00	3.74	4.51
8 to 8½ years.....	33.92	67.84	135.68	271.36	678.40	1,356.80	3.77	4.56
8½ to 9 years.....	34.67	69.34	138.68	277.36	693.40	1,386.80	3.81	4.60
9 to 9½ years.....	35.44	70.88	141.76	283.52	708.80	1,417.60	3.85	4.69
9½ to 10 years.....	36.26	72.52	145.04	290.08	725.20	1,450.40	3.89	4.74
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	37.12	74.24	148.48	296.96	742.40	1,484.80	\$3.93	-----

¹Yield on purchase price from issue date to extended maturity date is 3.44 percent.

For all other footnotes see Table 13.

TABLE 23

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1950, THROUGH MAY 1, 1951

Issue price.....	\$18. 75	\$37. 50	\$75. 00	\$150. 00	\$375. 00	\$750. 00	Approximate investment yield	
Original maturity value.....	25. 00	50. 00	100. 00	200. 00	500. 00	1, 000. 00		
Maturity value.....	25. 22	50. 44	100. 88	201. 76	504. 40	1, 008. 80		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)						(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹						Percent	Percent
First ½ year.....	\$25. 22	\$50. 44	\$100. 88	\$201. 76	\$504. 40	\$1, 008. 80	0. 00	13. 75
½ to 1 year.....	25. 66	51. 32	102. 64	205. 28	513. 20	1, 026. 40	3. 49	13. 76
1 to 1½ years.....	26. 12	52. 24	104. 48	208. 96	522. 40	1, 044. 80	3. 54	13. 77
1½ to 2 years.....	26. 58	53. 16	106. 32	212. 64	531. 60	1, 063. 20	3. 53	13. 79
2 to 2½ years.....	27. 06	54. 12	108. 24	216. 48	541. 20	1, 082. 40	3. 55	13. 80
2½ to 3 years.....	27. 55	55. 10	110. 20	220. 40	551. 00	1, 102. 00	3. 57	13. 81
3 to 3½ years.....	28. 05	56. 10	112. 20	224. 40	561. 00	1, 122. 00	3. 58	13. 83
3½ to 4 years.....	28. 57	57. 14	114. 28	228. 56	571. 40	1, 142. 80	3. 60	13. 83
4 to 4½ years.....	29. 09	58. 18	116. 36	232. 72	581. 80	1, 163. 60	3. 60	13. 85
4½ to 5 years.....	29. 63	59. 26	118. 52	237. 04	592. 60	1, 185. 20	3. 61	13. 86
5 to 5½ years.....	30. 19	60. 38	120. 76	241. 52	603. 80	1, 207. 60	3. 63	**4. 27
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision								
5½ to 6 years.....	\$30. 77	\$61. 54	\$123. 08	\$246. 16	\$615. 40	\$1, 230. 80	3. 65	4. 32
6 to 6½ years.....	31. 37	62. 74	125. 48	250. 96	627. 40	1, 254. 80	3. 67	4. 38
6½ to 7 years.....	32. 00	64. 00	128. 00	256. 00	640. 00	1, 280. 00	3. 70	4. 43
7 to 7½ years.....	32. 65	65. 30	130. 60	261. 20	653. 00	1, 306. 00	3. 72	4. 49
7½ to 8 years.....	33. 35	66. 70	133. 40	266. 80	667. 00	1, 334. 00	3. 76	4. 53
8 to 8½ years.....	34. 06	68. 12	136. 24	272. 48	681. 20	1, 362. 40	3. 79	4. 60
8½ to 9 years.....	34. 82	69. 64	139. 28	278. 56	696. 40	1, 392. 80	3. 83	4. 64
9 to 9½ years.....	35. 61	71. 22	142. 44	284. 88	712. 20	1, 424. 40	3. 87	4. 69
9½ to 10 years.....	36. 43	72. 86	145. 72	291. 44	728. 60	1, 457. 20	3. 91	4. 78
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	37. 30	74. 60	149. 20	298. 40	746. 00	1, 492. 00	\$3. 95	-----

¹Yield on purchase price from issue date to extended maturity date is 3.47 percent.

For all other footnotes see Table 13.

TABLE 24
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1951

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00		
Maturity value.....	25.30	50.60	101.20	202.40	506.00	1,012.00		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)						(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹							
First ½ year.....	\$25.30	\$50.60	\$101.20	\$202.40	\$506.00	\$1,012.00	Percent 0.00	Percent 13.75
½ to 1 year.....	25.75	51.50	103.00	206.00	515.00	1,030.00	3.56	13.76
1 to 1½ years.....	26.20	52.40	104.80	209.60	524.00	1,048.00	3.53	13.77
1½ to 2 years.....	26.67	53.34	106.68	213.36	533.40	1,066.80	3.55	13.78
2 to 2½ years.....	27.15	54.30	108.60	217.20	543.00	1,086.00	3.56	13.80
2½ to 3 years.....	27.64	55.28	110.56	221.12	552.80	1,105.60	3.57	13.81
3 to 3½ years.....	28.14	56.28	112.56	225.12	562.80	1,125.60	3.58	13.82
3½ to 4 years.....	28.66	57.32	114.64	229.28	573.20	1,146.40	3.59	13.83
4 to 4½ years.....	29.19	58.38	116.76	233.52	583.80	1,167.60	3.61	13.84
4½ to 5 years.....	29.73	59.46	118.92	237.84	594.60	1,189.20	3.62	**4.26
Redemption values and investment yields to extended maturity on basis of December 1, 1955, revision								
5 to 5½ years.....	\$30.29	\$60.58	\$121.16	\$242.32	\$605.80	\$1,211.60	3.63	4.31
5½ to 6 years.....	30.87	61.74	123.48	246.96	617.40	1,234.80	3.65	4.36
6 to 6½ years.....	31.49	62.98	125.96	251.92	629.80	1,259.60	3.68	4.40
6½ to 7 years.....	32.13	64.26	128.52	257.04	642.60	1,285.20	3.71	4.45
7 to 7½ years.....	32.80	65.60	131.20	262.40	656.00	1,312.00	3.74	4.50
7½ to 8 years.....	33.50	67.00	134.00	268.00	670.00	1,340.00	3.78	4.54
8 to 8½ years.....	34.23	68.46	136.92	273.84	684.60	1,369.20	3.81	4.59
8½ to 9 years.....	34.99	69.98	139.96	279.92	699.80	1,399.60	3.85	4.64
9 to 9½ years.....	35.79	71.58	143.16	286.32	715.80	1,431.60	3.89	4.67
9½ to 10 years.....	36.62	73.24	146.48	292.96	732.40	1,464.80	3.93	4.70
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	37.48	74.96	149.92	299.84	749.60	1,499.20	\$3.97	-----

¹Yield on purchase price from issue date to extended maturity date is 3.49 percent.

For all other footnotes see Table 13.

TABLE 25

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1951, THROUGH APRIL 1, 1952

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00		
Maturity value.....	25.37	50.74	101.48	202.96	507.40	1,014.80		
Period after original maturity (beginning 10 years after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)						(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter †	(3) On current redemption value from beginning of each half-year period to extended maturity †
	EXTENDED MATURITY PERIOD †							
First ½ year.....	\$25.37	\$50.74	\$101.48	\$202.96	\$507.40	\$1,014.80	Percent 0.00	Percent 13.75
½ to 1 year.....	25.82	51.64	103.28	206.56	516.40	1,032.80	3.55	13.76
1 to 1½ years.....	26.27	52.54	105.08	210.16	525.40	1,050.80	3.52	13.78
1½ to 2 years.....	26.74	53.48	106.96	213.92	534.80	1,069.60	3.54	13.79
2 to 2½ years.....	27.22	54.44	108.88	217.76	544.40	1,088.80	3.55	13.80
2½ to 3 years.....	27.72	55.44	110.88	221.76	554.40	1,108.80	3.58	13.81
3 to 3½ years.....	28.22	56.44	112.88	225.76	564.40	1,128.80	3.58	13.82
3½ to 4 years.....	28.74	57.48	114.96	229.92	574.80	1,149.60	3.60	13.84
4 to 4½ years.....	29.27	58.54	117.08	234.16	585.40	1,170.80	3.61	**4.25
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision								
4½ to 5 years.....	\$29.82	\$59.64	\$119.28	\$238.56	\$596.40	\$1,192.80	3.62	4.29
5 to 5½ years.....	30.39	60.78	121.56	243.12	607.80	1,215.60	3.64	4.34
5½ to 6 years.....	30.99	61.98	123.96	247.92	619.80	1,239.60	3.67	4.39
6 to 6½ years.....	31.60	63.20	126.40	252.80	632.00	1,264.00	3.69	4.44
6½ to 7 years.....	32.26	64.52	129.04	258.08	645.20	1,290.40	3.73	4.48
7 to 7½ years.....	32.94	65.88	131.76	263.52	658.80	1,317.60	3.77	4.52
7½ to 8 years.....	33.64	67.28	134.56	269.12	672.80	1,345.60	3.80	4.58
8 to 8½ years.....	34.38	68.76	137.52	275.04	687.60	1,375.20	3.84	4.62
8½ to 9 years.....	35.16	70.32	140.64	281.28	703.20	1,406.40	3.88	4.65
9 to 9½ years.....	35.96	71.92	143.84	287.68	719.20	1,438.40	3.91	4.70
9½ to 10 years.....	36.80	73.60	147.20	294.40	736.00	1,472.00	3.95	4.73
EXTENDED MATURITY VALUE (10 years from original maturity date).....	37.67	75.34	150.68	301.36	753.40	1,506.80	\$3.99	-----

†Yield on purchase price from issue date to extended maturity date is 3.52 percent.

For all other footnotes see Table 13.

TABLE 26
BONDS BEARING ISSUE DATE OF MAY 1, 1952

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.27	50.54	101.08	202.16	505.40	1,010.80	10,108		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half- year period thereafter †	(3) On current redemption value from beginning of each half- year period to extended maturity ‡
	EXTENDED MATURITY PERIOD †								
First ½ year.....	\$25.27	\$50.54	\$101.08	\$202.16	\$505.40	\$1,010.80	\$10,108	Percent 0.00	Percent *3.75
½ to 1 year.....	25.71	51.42	102.84	205.68	514.20	1,028.40	10,284	3.48	*3.76
1 to 1½ years.....	26.17	52.34	104.68	209.36	523.40	1,046.80	10,468	3.52	*3.77
1½ to 2 years.....	26.64	53.28	106.56	213.12	532.80	1,065.60	10,656	3.55	*3.79
2 to 2½ years.....	27.12	54.24	108.48	216.96	542.40	1,084.80	10,848	3.56	*3.80
2½ to 3 years.....	27.61	55.22	110.44	220.88	552.20	1,104.40	11,044	3.57	*3.81
3 to 3½ years.....	28.11	56.22	112.44	224.88	562.20	1,124.40	11,244	3.58	*3.82
3½ to 4 years.....	28.62	57.24	114.48	228.96	572.40	1,144.80	11,448	3.59	*3.84
4 to 4½ years.....	29.15	58.30	116.60	233.20	583.00	1,166.00	11,660	3.60	‡4.25
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
4½ to 5 years.....	\$29.70	\$59.40	\$118.80	\$237.60	\$594.00	\$1,188.00	\$11,880	3.62	4.30
5 to 5½ years.....	30.27	60.54	121.08	242.16	605.40	1,210.80	12,108	3.64	4.34
5½ to 6 years.....	30.87	61.74	123.48	246.96	617.40	1,234.80	12,348	3.67	4.38
6 to 6½ years.....	31.48	62.96	125.92	251.84	629.60	1,259.20	12,592	3.70	4.44
6½ to 7 years.....	32.13	64.26	128.52	257.04	642.60	1,285.20	12,852	3.73	4.48
7 to 7½ years.....	32.81	65.62	131.24	262.48	656.20	1,312.40	13,124	3.77	4.52
7½ to 8 years.....	33.51	67.02	134.04	268.08	670.20	1,340.40	13,404	3.80	4.57
8 to 8½ years.....	34.25	68.50	137.00	274.00	685.00	1,370.00	13,700	3.84	4.61
8½ to 9 years.....	35.02	70.04	140.08	280.16	700.40	1,400.80	14,008	3.88	4.65
9 to 9½ years.....	35.82	71.64	143.28	286.56	716.40	1,432.80	14,328	3.91	4.69
9½ to 10 years.....	36.65	73.30	146.60	293.20	733.00	1,466.00	14,660	3.95	4.75
EXTENDED MATURITY VALUE (10 years from original maturity date)².....	37.52	75.04	150.08	300.16	750.40	1,500.80	15,008	\$3.99	.....

* Yields from beginning of each half-year period to extended maturity, at extended maturity value prior to the December 1, 1965, revision.

† Yield from effective date of the December 1, 1965, revision to extended maturity date.

‡ Yield on purchase price from issue date to extended maturity date is 3.50 percent.

§ For redemption values and investment yields during the original maturity period see Department Circular No. 653, Fifth Revision, dated September 23, 1959.

² 19 years and 8 months from issue date.

TABLE 27

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH SEPTEMBER 1, 1952

Issue price	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value	25.33	50.66	101.32	202.64	506.60	1,013.20	10,132		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half- year period thereafter 1	(3) On current redemption value from beginning of each half- year period to extended maturity 1
	EXTENDED MATURITY PERIOD 1							Percent	Percent
First ½ year	\$25.33	\$50.66	\$101.32	\$202.64	\$506.60	\$1,013.20	\$10,132	0.00	*3.75
½ to 1 year	25.78	51.56	103.12	206.24	515.60	1,031.20	10,312	3.55	*3.76
1 to 1½ years	26.23	52.46	104.92	209.84	524.60	1,049.20	10,492	3.52	*3.78
1½ to 2 years	26.70	53.40	106.80	213.60	534.00	1,068.00	10,680	3.54	*3.79
2 to 2½ years	27.18	54.36	108.72	217.44	543.60	1,087.20	10,872	3.56	*3.80
2½ to 3 years	27.67	55.34	110.68	221.36	553.40	1,106.80	11,068	3.57	*3.81
3 to 3½ years	28.18	56.36	112.72	225.44	563.60	1,127.20	11,272	3.59	*3.82
3½ to 4 years	28.69	57.38	114.76	229.52	573.80	1,147.60	11,476	3.59	*3.84
4 to 4½ years	29.22	58.44	116.88	233.76	584.40	1,168.80	11,688	3.60	†4.25
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
4½ to 5 years	\$29.77	\$59.54	\$119.08	\$238.16	\$595.40	\$1,190.80	\$11,908	3.62	4.30
5 to 5½ years	30.34	60.68	121.36	242.72	606.80	1,213.60	12,136	3.64	4.34
5½ to 6 years	30.94	61.88	123.76	247.52	618.80	1,237.60	12,376	3.67	4.39
6 to 6½ years	31.56	63.12	126.24	252.48	631.20	1,262.40	12,624	3.70	4.43
6½ to 7 years	32.20	64.40	128.80	257.60	644.00	1,288.00	12,880	3.73	4.49
7 to 7½ years	32.89	65.78	131.56	263.12	657.80	1,315.60	13,156	3.77	4.52
7½ to 8 years	33.59	67.18	134.36	268.72	671.80	1,343.60	13,436	3.80	4.57
8 to 8½ years	34.33	68.66	137.32	274.64	686.60	1,373.20	13,732	3.84	4.61
8½ to 9 years	35.10	70.20	140.40	280.80	702.00	1,404.00	14,040	3.87	4.66
9 to 9½ years	35.90	71.80	143.60	287.20	718.00	1,436.00	14,360	3.91	4.71
9½ to 10 years	36.74	73.48	146.96	293.92	734.80	1,469.60	14,696	3.95	4.74
EXTENDED MATU- RITY VALUE (10 years from original maturity date) 2	37.61	75.22	150.44	300.88	752.20	1,504.40	15,044	\$3.99	-----

1 Yield on purchase price from issue date to extended maturity date is 3.57 percent.

For all other footnotes see Table 26.

TABLE 28

BONDS BEARING ISSUE DATES FROM OCTOBER 1 THROUGH NOVEMBER 1, 1952

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.33	50.66	101.32	202.64	506.60	1,013.20	10,132		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$25.33	\$50.66	\$101.32	\$202.64	\$506.60	\$1,013.20	\$10,132	Percent 0.00	Percent *3.75
½ to 1 year.....	25.78	51.56	103.12	206.24	515.60	1,031.20	10,312	3.55	*3.76
1 to 1½ years.....	26.23	52.46	104.92	209.84	524.60	1,049.20	10,492	3.52	*3.78
1½ to 2 years.....	26.70	53.40	106.80	213.60	534.00	1,068.00	10,680	3.54	*3.79
2 to 2½ years.....	27.18	54.36	108.72	217.44	543.60	1,087.20	10,872	3.56	*3.80
2½ to 3 years.....	27.67	55.34	110.68	221.36	553.40	1,106.80	11,068	3.57	*3.81
3 to 3½ years.....	28.18	56.36	112.72	225.44	563.60	1,127.20	11,272	3.59	*3.82
3½ to 4 years.....	28.69	57.38	114.76	229.52	573.80	1,147.60	11,476	3.59	14.24
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
4 to 4½ years.....	\$29.23	\$58.46	\$116.92	\$233.84	\$584.60	\$1,169.20	\$11,692	3.61	4.28
4½ to 5 years.....	29.78	59.56	119.12	238.24	595.60	1,191.20	11,912	3.63	4.32
5 to 5½ years.....	30.36	60.72	121.44	242.88	607.20	1,214.40	12,144	3.66	4.37
5½ to 6 years.....	30.97	61.94	123.88	247.76	619.40	1,238.80	12,388	3.69	4.41
6 to 6½ years.....	31.60	63.20	126.40	252.80	632.00	1,264.00	12,640	3.72	4.45
6½ to 7 years.....	32.25	64.50	129.00	258.00	645.00	1,290.00	12,900	3.75	4.50
7 to 7½ years.....	32.94	65.88	131.76	263.52	658.80	1,317.60	13,176	3.79	4.53
7½ to 8 years.....	33.65	67.30	134.60	269.20	673.00	1,346.00	13,460	3.82	4.58
8 to 8½ years.....	34.39	68.78	137.56	275.12	687.80	1,375.60	13,756	3.86	4.62
8½ to 9 years.....	35.16	70.32	140.64	281.28	703.20	1,406.40	14,064	3.90	4.67
9 to 9½ years.....	35.97	71.94	143.88	287.76	719.40	1,438.80	14,388	3.93	4.70
9½ to 10 years.....	36.81	73.62	147.24	294.48	736.20	1,472.40	14,724	3.97	4.73
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	37.68	75.36	150.72	301.44	753.60	1,507.20	15,072	\$4.01	-----

¹Yield on purchase price from issue date to extended maturity date is 3.58 percent.

For all other footnotes see Table 26.

TABLE 29

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1952, THROUGH MARCH 1, 1953

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.39	50.78	101.56	203.12	507.80	1,015.60	10,156		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter 1	(3) On current redemption value from beginning of each half-year period to extended maturity 1
	EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$25.39	\$50.78	\$101.56	\$203.12	\$507.80	\$1,015.60	\$10,156	Percent 0.00	Percent *3.75
½ to 1 year.....	25.84	51.68	103.36	206.72	516.80	1,033.60	10,336	3.54	*3.76
1 to 1½ years.....	26.29	52.58	105.16	210.32	525.80	1,051.60	10,516	3.51	*3.77
1½ to 2 years.....	26.76	53.52	107.04	214.08	535.20	1,070.40	10,704	3.53	*3.79
2 to 2½ years.....	27.24	54.48	108.96	217.92	544.80	1,089.60	10,896	3.55	*3.80
2½ to 3 years.....	27.74	55.48	110.96	221.92	554.80	1,109.60	11,096	3.57	*3.81
3 to 3½ years.....	28.24	56.48	112.96	225.92	564.80	1,129.60	11,296	3.58	*3.82
3½ to 4 years.....	28.76	57.52	115.04	230.08	575.20	1,150.40	11,504	3.59	*4.23
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
4 to 4½ years.....	\$29.30	\$58.60	\$117.20	\$234.40	\$586.00	\$1,172.00	\$11,720	3.61	4.27
4½ to 5 years.....	29.85	59.70	119.40	238.80	597.00	1,194.00	11,940	3.63	4.32
5 to 5½ years.....	30.43	60.86	121.72	243.44	608.60	1,217.20	12,172	3.65	4.36
5½ to 6 years.....	31.04	62.08	124.16	248.32	620.80	1,241.60	12,416	3.69	4.40
6 to 6½ years.....	31.67	63.34	126.68	253.36	633.40	1,266.80	12,668	3.72	4.45
6½ to 7 years.....	32.33	64.66	129.32	258.64	646.60	1,293.20	12,932	3.75	4.49
7 to 7½ years.....	33.02	66.04	132.08	264.16	660.40	1,320.80	13,208	3.79	4.52
7½ to 8 years.....	33.73	67.46	134.92	269.84	674.60	1,349.20	13,492	3.82	4.57
8 to 8½ years.....	34.47	68.94	137.88	275.76	689.40	1,378.80	13,788	3.86	4.61
8½ to 9 years.....	35.24	70.48	140.96	281.92	704.80	1,409.60	14,096	3.89	4.66
9 to 9½ years.....	36.06	72.12	144.24	288.48	721.20	1,442.40	14,424	3.94	4.66
9½ to 10 years.....	36.90	73.80	147.60	295.20	738.00	1,476.00	14,760	3.97	4.66
EXTENDED MATU- RITY VALUE (10 years from original maturity date) 2.....	37.76	75.52	151.04	302.08	755.20	1,510.40	15,104	\$4.61	-----

¹Yield on purchase price from issue date to extended maturity date is 3.59 percent.

For all other footnotes see Table 28.

TABLE 30

BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH MAY 1, 1953

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.39	50.78	101.56	203.12	507.80	1,015.60	10,156		
	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
Period after original maturity (beginning 9 years 8 months after issue date)	EXTENDED MATURITY PERIOD ¹								
								Percent	Percent
First ½ year.....	\$25.39	\$50.78	\$101.56	\$203.12	\$507.80	\$1,015.60	\$10,156	0.00	*3.75
½ to 1 year.....	25.84	51.68	103.36	206.72	516.80	1,033.60	10,336	3.54	*3.76
1 to 1½ years.....	26.29	52.58	105.16	210.32	525.80	1,051.60	10,516	3.51	*3.77
1½ to 2 years.....	26.76	53.52	107.04	214.08	535.20	1,070.40	10,704	3.53	*3.79
2 to 2½ years.....	27.24	54.48	108.96	217.92	544.80	1,089.60	10,896	3.55	*3.80
2½ to 3 years.....	27.74	55.48	110.96	221.92	554.80	1,109.60	11,096	3.57	*3.81
3 to 3½ years.....	28.24	56.48	112.96	225.92	564.80	1,129.60	11,296	3.58	†4.22
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
3½ to 4 years.....	\$28.77	\$57.54	\$115.08	\$230.16	\$575.40	\$1,150.80	\$11,508	3.60	4.26
4 to 4½ years.....	29.31	58.62	117.24	234.48	586.20	1,172.40	11,724	3.62	4.30
4½ to 5 years.....	29.87	59.74	119.48	238.96	597.40	1,194.80	11,948	3.64	4.35
5 to 5½ years.....	30.46	60.92	121.84	243.68	609.20	1,218.40	12,184	3.67	4.39
5½ to 6 years.....	31.07	62.14	124.28	248.56	621.40	1,242.80	12,428	3.70	4.43
6 to 6½ years.....	31.71	63.42	126.84	253.68	634.20	1,268.40	12,684	3.74	4.47
6½ to 7 years.....	32.38	64.76	129.52	259.04	647.60	1,295.20	12,952	3.78	4.50
7 to 7½ years.....	33.07	66.14	132.28	264.56	661.40	1,322.80	13,228	3.81	4.54
7½ to 8 years.....	33.79	67.58	135.16	270.32	675.80	1,351.60	13,516	3.85	4.58
8 to 8½ years.....	34.54	69.08	138.16	276.32	690.80	1,381.60	13,816	3.88	4.61
8½ to 9 years.....	35.31	70.62	141.24	282.48	706.20	1,412.40	14,124	3.92	4.67
9 to 9½ years.....	36.13	72.26	144.52	289.04	722.60	1,445.20	14,452	3.96	4.68
9½ to 10 years.....	36.97	73.94	147.88	295.76	739.40	1,478.80	14,788	3.99	4.71
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	37.84	75.68	151.36	302.72	756.80	1,513.60	15,136	\$4.03	-----

¹Yield on purchase price from issue date to extended maturity date is 3.60 percent.

For all other footnotes see Table 26.

TABLE 31

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH SEPTEMBER 1, 1953

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.45	50.90	101.80	203.60	509.00	1,018.00	10,180		
Period after original maturity (beginning 8 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the re- demption value at start of the extended matu- rity period to the beginning of each half- year period thereafter ¹	(3) On current redemption value from beginning of each half- year period to extended maturity ¹
	EXTENDED MATURITY PERIOD:							Percent	Percent
First ½ year.....	\$25.45	\$50.90	\$101.80	\$203.60	\$509.00	\$1,018.00	\$10,180	0.00	*3.75
½ to 1 year.....	25.90	51.80	103.60	207.20	518.00	1,036.00	10,360	3.54	*3.76
1 to 1½ years.....	26.36	52.72	105.44	210.88	527.20	1,054.40	10,544	3.54	*3.77
1½ to 2 years.....	26.83	53.66	107.32	214.64	536.60	1,073.20	10,732	3.55	*3.78
2 to 2½ years.....	27.31	54.62	109.24	218.48	546.20	1,092.40	10,924	3.56	*3.80
2½ to 3 years.....	27.80	55.60	111.20	222.40	556.00	1,112.00	11,120	3.56	*3.81
3 to 3½ years.....	28.31	56.62	113.24	226.48	566.20	1,132.40	11,324	3.58	*4.22
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
3½ to 4 years.....	\$28.84	\$57.68	\$115.36	\$230.72	\$576.80	\$1,153.60	\$11,536	3.60	4.26
4 to 4½ years.....	29.38	58.76	117.52	235.04	587.60	1,175.20	11,752	3.62	4.30
4½ to 5 years.....	29.94	59.88	119.76	239.52	598.80	1,197.60	11,976	3.64	4.35
5 to 5½ years.....	30.53	61.06	122.12	244.24	610.60	1,221.20	12,212	3.67	4.39
5½ to 6 years.....	31.15	62.30	124.60	249.20	623.00	1,246.00	12,460	3.71	4.42
6 to 6½ years.....	31.78	63.56	127.12	254.24	635.60	1,271.20	12,712	3.74	4.47
6½ to 7 years.....	32.46	64.92	129.84	259.68	649.20	1,298.40	12,984	3.78	4.50
7 to 7½ years.....	33.14	66.28	132.56	265.12	662.80	1,325.60	13,256	3.81	4.55
7½ to 8 years.....	33.87	67.74	135.48	270.96	677.40	1,354.80	13,548	3.85	4.58
8 to 8½ years.....	34.62	69.24	138.48	276.96	692.40	1,384.80	13,848	3.88	4.62
8½ to 9 years.....	35.40	70.80	141.60	283.20	708.00	1,416.00	14,160	3.92	4.66
9 to 9½ years.....	36.21	72.42	144.84	289.68	724.20	1,448.40	14,484	3.96	4.69
9½ to 10 years.....	37.05	74.10	148.20	296.40	741.00	1,482.00	14,820	3.99	4.75
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	37.93	75.86	151.72	303.44	758.60	1,517.20	15,172	\$4.03	-----

¹Yield on purchase price from issue date to extended maturity date is 3.61 percent.

For all other footnotes see Table 26.

TABLE 32

BONDS BEARING ISSUE DATES FROM OCTOBER 1 THROUGH NOVEMBER 1, 1953

Issue price	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value	25.45	50.90	101.80	203.60	509.00	1,018.00	10,180		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
First ½ year	\$25.45	\$50.90	\$101.80	\$203.60	\$509.00	\$1,018.00	\$10,180	Percent	Percent
½ to 1 year	25.90	51.80	103.60	207.20	518.00	1,036.00	10,360	3.54	*3.75
1 to 1½ years	26.36	52.72	105.44	210.88	527.20	1,054.40	10,544	3.54	*3.77
1½ to 2 years	26.83	53.66	107.32	214.64	536.60	1,073.20	10,732	3.55	*3.78
2 to 2½ years	27.31	54.62	109.24	218.48	546.20	1,092.40	10,924	3.56	*3.80
2½ to 3 years	27.80	55.60	111.20	222.40	556.00	1,112.00	11,120	3.56	†4.21
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
3 to 3½ years	\$28.32	\$56.64	\$113.28	\$226.56	\$566.40	\$1,132.80	\$11,328	3.59	4.24
3½ to 4 years	28.85	57.70	115.40	230.80	577.00	1,154.00	11,540	3.61	4.28
4 to 4½ years	29.40	58.80	117.60	235.20	588.00	1,176.00	11,760	3.64	4.32
4½ to 5 years	29.96	59.92	119.84	239.68	599.20	1,198.40	11,984	3.66	4.37
5 to 5½ years	30.56	61.12	122.24	244.48	611.20	1,222.40	12,224	3.69	4.41
5½ to 6 years	31.19	62.38	124.76	249.52	623.80	1,247.60	12,476	3.73	4.44
6 to 6½ years	31.83	63.66	127.32	254.64	636.60	1,273.20	12,732	3.76	4.48
6½ to 7 years	32.51	65.02	130.04	260.08	650.20	1,300.40	13,004	3.80	4.51
7 to 7½ years	33.19	66.38	132.76	265.52	663.80	1,327.60	13,276	3.83	4.56
7½ to 8 years	33.93	67.86	135.72	271.44	678.60	1,357.20	13,572	3.87	4.58
8 to 8½ years	34.68	69.36	138.72	277.44	693.60	1,387.20	13,872	3.91	4.62
8½ to 9 years	35.47	70.94	141.88	283.76	709.40	1,418.80	14,188	3.94	4.65
9 to 9½ years	36.28	72.56	145.12	290.24	725.60	1,451.20	14,512	3.98	4.69
9½ to 10 years	37.13	74.26	148.52	297.04	742.60	1,485.20	14,852	4.02	4.69
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38.00	76.00	152.00	304.00	760.00	1,520.00	15,200	\$4.05	-----

¹Yield on purchase price from issue date to extended maturity date is 3.62 percent.

For all other footnotes see Table 26.

TABLE 33

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1953, THROUGH MARCH 1, 1954

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.52	51.04	102.08	204.16	510.40	1,020.80	10,208		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the red- emption value at start of the extended matu- rity period to the beginning of each half- year period thereafter ¹	(3) On current redemption value from beginning of each half- year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
								Percent	Percent
First ½ year.....	\$25.52	\$51.04	\$102.08	\$204.16	\$510.40	\$1,020.80	\$10,208	0.00	*3.75
½ to 1 year.....	25.97	51.94	103.88	207.76	519.40	1,038.80	10,388	3.53	*3.76
1 to 1½ years.....	26.43	52.86	105.72	211.44	528.60	1,057.20	10,572	3.53	*3.77
1½ to 2 years.....	26.90	53.80	107.60	215.20	538.00	1,076.00	10,760	3.54	*3.79
2 to 2½ years.....	27.38	54.76	109.52	219.04	547.60	1,095.20	10,952	3.55	*3.80
2½ to 3 years.....	27.88	55.76	111.52	223.04	557.60	1,115.20	11,152	3.57	†4.21
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
3 to 3½ years.....	\$28.40	\$56.80	\$113.60	\$227.20	\$568.00	\$1,136.00	\$11,360	3.60	4.25
3½ to 4 years.....	28.93	57.86	115.72	231.44	578.60	1,157.20	11,572	3.62	4.29
4 to 4½ years.....	29.48	58.96	117.92	235.84	589.60	1,179.20	11,792	3.64	4.33
4½ to 5 years.....	30.05	60.10	120.20	240.40	601.00	1,202.00	12,020	3.66	4.37
5 to 5½ years.....	30.65	61.30	122.60	245.20	613.00	1,226.00	12,260	3.70	4.40
5½ to 6 years.....	31.27	62.54	125.08	250.16	625.40	1,250.80	12,508	3.73	4.44
6 to 6½ years.....	31.92	63.84	127.68	255.36	638.40	1,276.80	12,768	3.76	4.48
6½ to 7 years.....	32.60	65.20	130.40	260.80	652.00	1,304.00	13,040	3.80	4.51
7 to 7½ years.....	33.30	66.60	133.20	266.40	666.00	1,332.00	13,320	3.84	4.55
7½ to 8 years.....	34.02	68.04	136.08	272.16	680.40	1,360.80	13,608	3.87	4.59
8 to 8½ years.....	34.77	69.54	139.08	278.16	695.40	1,390.80	13,908	3.90	4.64
8½ to 9 years.....	35.56	71.12	142.24	284.48	711.20	1,422.40	14,224	3.94	4.67
9 to 9½ years.....	36.38	72.76	145.52	291.04	727.60	1,455.20	14,552	3.98	4.70
9½ to 10 years.....	37.23	74.46	148.92	297.84	744.60	1,489.20	14,892	4.02	4.73
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	38.11	76.22	152.44	304.88	762.20	1,524.40	15,244	\$4.05	-----

¹Yield on purchase price from issue date to extended maturity date is 3.64 percent.

For all other footnotes see Table 26.

TABLE 34
BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH MAY 1, 1954

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate Investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.52	51.04	102.08	204.16	510.40	1,020.80	10,208		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the re- demption value at start of the extended matu- rity period to the beginning of each half- year period thereafter 1	(3) On current redemption value from beginning of each half- year period to extended maturity 1
	EXTENDED MATURITY PERIOD 1								
First ¼ year.....	\$25.52	\$51.04	\$102.08	\$204.16	\$510.40	\$1,020.80	\$10,208	Percent 0.00	Percent *3.75
¼ to 1 year.....	25.97	51.94	103.88	207.76	519.40	1,038.80	10,388	3.53	*3.76
1 to 1½ years.....	26.43	52.86	105.72	211.44	528.60	1,057.20	10,572	3.53	*3.77
1½ to 2 years.....	26.90	53.80	107.60	215.20	538.00	1,076.00	10,760	3.54	*3.79
2 to 2½ years.....	27.38	54.76	109.52	219.04	547.60	1,095.20	10,952	3.55	*4.20
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
2½ to 3 years.....	\$27.89	\$55.78	\$111.56	\$223.12	\$557.80	\$1,115.60	\$11,156	3.58	4.23
3 to 3½ years.....	28.41	56.82	113.64	227.28	568.20	1,136.40	11,364	3.61	4.27
3½ to 4 years.....	28.94	57.88	115.76	231.52	578.80	1,157.60	11,576	3.63	4.31
4 to 4½ years.....	29.50	59.00	118.00	236.00	590.00	1,180.00	11,800	3.66	4.35
4½ to 5 years.....	30.08	60.16	120.32	240.64	601.60	1,203.20	12,032	3.69	4.38
5 to 5½ years.....	30.69	61.38	122.76	245.52	613.80	1,227.60	12,276	3.72	4.42
5½ to 6 years.....	31.31	62.62	125.24	250.48	626.20	1,252.40	12,524	3.75	4.46
6 to 6½ years.....	31.96	63.92	127.84	255.68	639.20	1,278.40	12,784	3.79	4.50
6½ to 7 years.....	32.65	65.30	130.60	261.20	653.00	1,306.00	13,060	3.83	4.52
7 to 7½ years.....	33.35	66.70	133.40	266.80	667.00	1,334.00	13,340	3.86	4.56
7½ to 8 years.....	34.08	68.16	136.32	272.64	681.60	1,363.20	13,632	3.89	4.60
8 to 8½ years.....	34.84	69.68	139.36	278.72	696.80	1,393.60	13,936	3.93	4.63
8½ to 9 years.....	35.63	71.26	142.52	285.04	712.60	1,425.20	14,252	3.96	4.66
9 to 9½ years.....	36.45	72.90	145.80	291.60	729.00	1,458.00	14,580	4.00	4.69
9½ to 10 years.....	37.30	74.60	149.20	298.40	746.00	1,492.00	14,920	4.04	4.72
EXTENDED MATU- RITY VALUE (10 years from original maturity date) 2.....	38.18	76.36	152.72	305.44	763.60	1,527.20	15,272	\$4.07	

1 Yield on purchase price from issue date to extended maturity date is 3.65 percent.

For all other footnotes see Table 26.

TABLE 35

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH SEPTEMBER 1, 1954

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.58	51.16	102.32	204.64	511.60	1,023.20	10,232		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$25.58	\$51.16	\$102.32	\$204.64	\$511.60	\$1,023.20	\$10,232	Percent	Percent
½ to 1 year.....	26.03	52.06	104.12	208.24	520.60	1,041.20	10,412	3.52	*3.76
1 to 1½ years.....	26.49	52.98	105.96	211.92	529.80	1,059.60	10,596	3.53	*3.77
1½ to 2 years.....	26.96	53.92	107.84	215.68	539.20	1,078.40	10,784	3.53	*3.79
2 to 2½ years.....	27.45	54.90	109.80	219.60	549.00	1,098.00	10,980	3.56	†4.20
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
2½ to 3 years.....	\$27.95	\$55.90	\$111.80	\$223.60	\$559.00	\$1,118.00	\$11,180	3.58	4.24
3 to 3½ years.....	28.47	56.94	113.88	227.76	569.40	1,138.80	11,388	3.60	4.27
3½ to 4 years.....	29.01	58.02	116.04	232.08	580.20	1,160.40	11,604	3.63	4.31
4 to 4½ years.....	29.57	59.14	118.28	236.56	591.40	1,182.80	11,828	3.66	4.35
4½ to 5 years.....	30.15	60.30	120.60	241.20	603.00	1,206.00	12,060	3.69	4.39
5 to 5½ years.....	30.76	61.52	123.04	246.08	615.20	1,230.40	12,304	3.72	4.42
5½ to 6 years.....	31.39	62.78	125.56	251.12	627.80	1,255.60	12,556	3.76	4.46
6 to 6½ years.....	32.04	64.08	128.16	256.32	640.80	1,281.60	12,816	3.79	4.50
6½ to 7 years.....	32.72	65.44	130.88	261.76	654.40	1,308.80	13,088	3.82	4.53
7 to 7½ years.....	33.42	66.84	133.68	267.36	668.40	1,336.80	13,368	3.86	4.58
7½ to 8 years.....	34.16	68.32	136.64	273.28	683.20	1,366.40	13,664	3.89	4.61
8 to 8½ years.....	34.92	69.84	139.68	279.36	698.40	1,396.80	13,968	3.93	4.65
8½ to 9 years.....	35.71	71.42	142.84	285.68	714.20	1,428.40	14,284	3.96	4.69
9 to 9½ years.....	36.53	73.06	146.12	292.24	730.60	1,461.20	14,612	4.00	4.73
9½ to 10 years.....	37.39	74.78	149.56	299.12	747.80	1,495.60	14,956	4.04	4.76
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38.28	76.56	153.12	306.24	765.60	1,531.20	15,312	\$4.07	-----

¹Yield on purchase price from issue date to extended maturity date is 3.66 percent

For all other footnotes see Table 26.

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TABLE 36

BONDS BEARING ISSUE DATES FROM OCTOBER 1 THROUGH NOVEMBER 1, 1954

Issue price.....	\$18. 75	\$37. 50	\$75. 00	\$150. 00	\$375. 00	\$750. 00	\$7, 500	Approximate investment yield	
Original maturity value.....	25. 00	50. 00	100. 00	200. 00	500. 00	1, 000. 00	10, 000		
Maturity value.....	25. 58	51. 16	102. 32	204. 64	511. 60	1, 023. 20	10, 232		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹							Percent	Percent
First ½ year.....	\$25. 58	\$51. 16	\$102. 32	\$204. 64	\$511. 60	\$1, 023. 20	\$10, 232	0. 00	*3. 75
½ to 1 year.....	26. 03	52. 06	104. 12	208. 24	520. 60	1, 041. 20	10, 412	3. 52	*3. 76
1 to 1½ years.....	26. 49	52. 98	105. 96	211. 92	529. 80	1, 059. 60	10, 596	3. 53	*3. 77
1½ to 2 years.....	26. 96	53. 92	107. 84	215. 68	539. 20	1, 078. 40	10, 784	3. 53	14. 19
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
2 to 2½ years.....	\$27. 46	\$54. 92	\$109. 84	\$219. 68	\$549. 20	\$1, 098. 40	\$10, 984	3. 58	4. 22
2½ to 3 years.....	27. 96	55. 92	111. 84	223. 68	559. 20	1, 118. 40	11, 184	3. 59	4. 26
3 to 3½ years.....	28. 48	56. 96	113. 92	227. 84	569. 60	1, 139. 20	11, 392	3. 61	4. 30
3½ to 4 years.....	29. 03	58. 06	116. 12	232. 24	580. 60	1, 161. 20	11, 612	3. 65	4. 33
4 to 4½ years.....	29. 60	59. 20	118. 40	236. 80	592. 00	1, 184. 00	11, 840	3. 68	4. 36
4½ to 5 years.....	30. 19	60. 38	120. 76	241. 52	603. 80	1, 207. 60	12, 076	3. 72	4. 40
5 to 5½ years.....	30. 80	61. 60	123. 20	246. 40	616. 00	1, 232. 00	12, 320	3. 75	4. 43
5½ to 6 years.....	31. 43	62. 86	125. 72	251. 44	628. 60	1, 257. 20	12, 572	3. 78	4. 47
6 to 6½ years.....	32. 09	64. 18	128. 36	256. 72	641. 80	1, 283. 60	12, 836	3. 81	4. 51
6½ to 7 years.....	32. 77	65. 54	131. 08	262. 16	655. 40	1, 310. 80	13, 108	3. 85	4. 54
7 to 7½ years.....	33. 48	66. 96	133. 92	267. 84	669. 60	1, 339. 20	13, 392	3. 88	4. 58
7½ to 8 years.....	34. 22	68. 44	136. 88	273. 76	684. 40	1, 368. 80	13, 688	3. 92	4. 61
8 to 8½ years.....	34. 98	69. 96	139. 92	279. 84	699. 60	1, 399. 20	13, 992	3. 95	4. 65
8½ to 9 years.....	35. 78	71. 56	143. 12	286. 24	715. 60	1, 431. 20	14, 312	3. 99	4. 68
9 to 9½ years.....	36. 60	73. 20	146. 40	292. 80	732. 00	1, 464. 00	14, 640	4. 02	4. 73
9½ to 10 years.....	37. 47	74. 94	149. 88	299. 76	749. 40	1, 498. 80	14, 988	4. 06	4. 70
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38. 35	76. 70	153. 40	306. 80	767. 00	1, 534. 00	15, 340	\$4. 09	-----

¹Yield on purchase price from issue date to extended maturity date is 3.67 percent.

For all other footnotes see Table 29.

TABLE 37

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1954, THROUGH MARCH 1, 1955

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.64	51.28	102.56	205.12	512.80	1,025.60	10,256		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half- year period thereafter ¹	(3) On current redemption value from beginning of each half- year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$25.64	\$51.28	\$102.56	\$205.12	\$512.80	\$1,025.60	\$10,256	Percent 0.00	Percent *3.75
½ to 1 year.....	26.09	52.18	104.36	208.72	521.80	1,043.60	10,436	3.51	*3.76
1 to 1½ years.....	26.55	53.10	106.20	212.40	531.00	1,062.00	10,620	3.52	*3.78
1½ to 2 years.....	27.03	54.06	108.12	216.24	540.60	1,081.20	10,812	3.55	†4.19
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
2 to 2½ years.....	\$27.52	\$55.04	\$110.08	\$220.16	\$550.40	\$1,100.80	\$11,008	3.57	4.22
2½ to 3 years.....	28.03	56.06	112.12	224.24	560.60	1,121.20	11,212	3.60	4.26
3 to 3½ years.....	28.55	57.10	114.20	228.40	571.00	1,142.00	11,420	3.62	4.29
3½ to 4 years.....	29.09	58.18	116.36	232.72	581.80	1,163.60	11,636	3.64	4.33
4 to 4½ years.....	29.67	59.34	118.68	237.36	593.40	1,186.80	11,868	3.68	4.36
4½ to 5 years.....	30.26	60.52	121.04	242.08	605.20	1,210.40	12,104	3.72	4.40
5 to 5½ years.....	30.87	61.74	123.48	246.96	617.40	1,234.80	12,348	3.75	4.43
5½ to 6 years.....	31.51	63.02	126.04	252.08	630.20	1,260.40	12,604	3.78	4.47
6 to 6½ years.....	32.16	64.32	128.64	257.28	643.20	1,286.40	12,864	3.81	4.51
6½ to 7 years.....	32.85	65.70	131.40	262.80	657.00	1,314.00	13,140	3.85	4.54
7 to 7½ years.....	33.56	67.12	134.24	268.48	671.20	1,342.40	13,424	3.88	4.58
7½ to 8 years.....	34.30	68.60	137.20	274.40	686.00	1,372.00	13,720	3.92	4.61
8 to 8½ years.....	35.06	70.12	140.24	280.48	701.20	1,402.40	14,024	3.95	4.66
8½ to 9 years.....	35.87	71.74	143.48	286.96	717.40	1,434.80	14,348	3.99	4.67
9 to 9½ years.....	36.69	73.38	146.76	293.52	733.80	1,467.60	14,676	4.02	4.71
9½ to 10 years.....	37.55	75.10	150.20	300.40	751.00	1,502.00	15,020	4.06	4.74
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38.44	76.88	153.76	307.52	768.80	1,537.60	15,376	\$4.09	-----

†Yield on purchase price from issue date to extended maturity date is 3.68 percent.

For all other footnotes see Table 26.

TABLE 38

BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH MAY 1, 1955

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.64	51.28	102.56	205.12	512.80	1,025.60	10,256		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$25.64	\$51.28	\$102.56	\$205.12	\$512.80	\$1,025.60	\$10,256	Percent 0.00	Percent *3.75
½ to 1 year.....	28.09	52.18	104.36	208.72	521.80	1,043.60	10,436	3.51	*3.76
1 to 1½ years.....	28.55	53.10	106.20	212.40	531.00	1,062.00	10,620	3.52	14.18
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
1½ to 2 years.....	\$27.04	\$54.08	\$108.16	\$216.32	\$540.80	\$1,081.60	\$10,816	3.58	4.21
2 to 2½ years.....	27.53	55.06	110.12	220.24	550.60	1,101.20	11,012	3.59	4.24
2½ to 3 years.....	28.04	56.08	112.16	224.32	560.80	1,121.60	11,216	3.61	4.28
3 to 3½ years.....	28.57	57.14	114.28	228.56	571.40	1,142.80	11,428	3.64	4.31
3½ to 4 years.....	29.12	58.24	116.48	232.96	582.40	1,164.80	11,648	3.67	4.35
4 to 4½ years.....	29.70	59.40	118.80	237.60	594.00	1,188.00	11,880	3.71	4.38
4½ to 5 years.....	30.29	60.58	121.16	242.32	605.80	1,211.60	12,116	3.74	4.42
5 to 5½ years.....	30.91	61.82	123.64	247.28	618.20	1,236.40	12,364	3.77	4.45
5½ to 6 years.....	31.55	63.10	126.20	252.40	631.00	1,262.00	12,620	3.81	4.49
6 to 6½ years.....	32.21	64.42	128.84	257.68	644.20	1,288.40	12,884	3.84	4.52
6½ to 7 years.....	32.91	65.82	131.64	263.28	658.20	1,316.40	13,164	3.88	4.55
7 to 7½ years.....	33.62	67.24	134.48	268.96	672.40	1,344.80	13,448	3.91	4.59
7½ to 8 years.....	34.36	68.72	137.44	274.88	687.20	1,374.40	13,744	3.94	4.62
8 to 8½ years.....	35.13	70.26	140.52	281.04	702.60	1,405.20	14,052	3.98	4.66
8½ to 9 years.....	35.94	71.88	143.76	287.52	718.80	1,437.60	14,376	4.01	4.68
9 to 9½ years.....	36.76	73.52	147.04	294.08	735.20	1,470.40	14,704	4.04	4.73
9½ to 10 years.....	37.62	75.24	150.48	300.96	752.40	1,504.80	15,048	4.08	4.78
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38.52	77.04	154.08	308.16	770.40	1,540.80	15,408	\$4.11	-----

¹Yield on purchase price from issue date to extended maturity date is 3.60 percent.

For all other footnotes see Table 26.

TABLE 39

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH SEPTEMBER 1, 1955

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.71	51.42	102.84	205.68	514.20	1,028.40	10,284		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half-year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$25.71	\$51.42	\$102.84	\$205.68	\$514.20	\$1,028.40	\$10,284	Percent 0.00	Percent *3.75
¼ to 1 year.....	26.16	52.32	104.64	209.28	523.20	1,046.40	10,464	3.50	*3.76
1 to 1½ years.....	26.63	53.26	106.52	213.04	532.60	1,065.20	10,652	3.55	‡4.17
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
1½ to 2 years.....	\$27.11	\$54.22	\$108.44	\$216.88	\$542.20	\$1,084.40	\$10,844	3.57	4.21
2 to 2½ years.....	27.61	55.22	110.44	220.88	552.20	1,104.40	11,044	3.60	4.24
2½ to 3 years.....	28.12	56.24	112.48	224.96	562.40	1,124.80	11,248	3.62	4.28
3 to 3½ years.....	28.65	57.30	114.60	229.20	573.00	1,146.00	11,460	3.64	4.31
3½ to 4 years.....	29.20	58.40	116.80	233.60	584.00	1,168.00	11,680	3.67	4.35
4 to 4½ years.....	29.78	59.56	119.12	238.24	595.60	1,191.20	11,912	3.71	4.38
4½ to 5 years.....	30.37	60.74	121.48	242.96	607.40	1,214.80	12,148	3.74	4.42
5 to 5½ years.....	30.99	61.98	123.96	247.92	619.80	1,239.60	12,396	3.77	4.45
5½ to 6 years.....	31.63	63.26	126.52	253.04	632.60	1,265.20	12,652	3.80	4.49
6 to 6½ years.....	32.30	64.60	129.20	258.40	646.00	1,292.00	12,920	3.84	4.52
6½ to 7 years.....	33.00	66.00	132.00	264.00	660.00	1,320.00	13,200	3.88	4.54
7 to 7½ years.....	33.71	67.42	134.84	269.68	674.20	1,348.40	13,484	3.91	4.58
7½ to 8 years.....	34.46	68.92	137.84	275.68	689.20	1,378.40	13,784	3.94	4.61
8 to 8½ years.....	35.23	70.46	140.92	281.84	704.60	1,409.20	14,092	3.98	4.65
8½ to 9 years.....	36.03	72.06	144.12	288.24	720.60	1,441.20	14,412	4.01	4.68
9 to 9½ years.....	36.86	73.72	147.44	294.88	737.20	1,474.40	14,744	4.04	4.72
9½ to 10 years.....	37.72	75.44	150.88	301.76	754.40	1,508.80	15,088	4.08	4.77
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38.62	77.24	154.48	308.96	772.40	1,544.80	15,448	\$4.11	-----

1 Yield on purchase price from issue date to extended maturity date is 3.71 percent.

For all other footnotes see Table 26.

TABLE 40

BONDS BEARING ISSUE DATES FROM OCTOBER 1 THROUGH NOVEMBER 1, 1955

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.....	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.71	51.42	102.84	205.68	514.20	1,028.40	10,284		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the redemption value at start of the extended maturity period to the beginning of each half-year period thereafter ¹	(3) On current redemption value from beginning of each half- year period to extended maturity ¹
	EXTENDED MATURITY PERIOD ¹								
First ½ year.....	\$25.71	\$51.42	\$102.84	\$205.68	\$514.20	\$1,028.40	\$10,284	Percent 0.00	Percent *3.75
½ to 1 year.....	26.16	52.32	104.64	209.28	523.20	1,046.40	10,464	3.50	14.16
Redemption values and investment yields to extended maturity on basis of December 1, 1955, revision									
1 to 1½ years.....	\$26.64	\$53.28	\$106.56	\$213.12	\$532.80	\$1,065.60	\$10,656	3.59	4.19
1½ to 2 years.....	27.12	54.24	108.48	216.96	542.40	1,084.80	10,848	3.59	4.23
2 to 2½ years.....	27.62	55.24	110.48	220.96	552.40	1,104.80	11,048	3.62	4.26
2½ to 3 years.....	28.14	56.28	112.56	225.12	562.80	1,125.60	11,256	3.65	4.29
3 to 3½ years.....	28.68	57.36	114.72	229.44	573.60	1,147.20	11,472	3.68	4.33
3½ to 4 years.....	29.23	58.46	116.92	233.84	584.60	1,169.20	11,692	3.70	4.36
4 to 4½ years.....	29.81	59.62	119.24	238.48	596.20	1,192.40	11,924	3.73	4.40
4½ to 5 years.....	30.41	60.82	121.64	243.28	608.20	1,216.40	12,164	3.77	4.43
5 to 5½ years.....	31.03	62.06	124.12	248.24	620.60	1,241.20	12,412	3.80	4.47
5½ to 6 years.....	31.68	63.36	126.72	253.44	633.60	1,267.20	12,672	3.83	4.50
6 to 6½ years.....	32.36	64.72	129.44	258.88	647.20	1,294.40	12,944	3.87	4.52
6½ to 7 years.....	33.05	66.10	132.20	264.40	661.00	1,322.00	13,220	3.90	4.56
7 to 7½ years.....	33.77	67.54	135.08	270.16	675.40	1,350.80	13,508	3.93	4.59
7½ to 8 years.....	34.52	69.04	138.08	276.16	690.40	1,380.80	13,808	3.97	4.62
8 to 8½ years.....	35.30	70.60	141.20	282.40	706.00	1,412.00	14,120	4.00	4.65
8½ to 9 years.....	36.10	72.20	144.40	288.80	722.00	1,444.00	14,440	4.03	4.69
9 to 9½ years.....	36.93	73.86	147.72	295.44	738.60	1,477.20	14,772	4.06	4.74
9½ to 10 years.....	37.80	75.60	151.20	302.40	756.00	1,512.00	15,120	4.10	4.76
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38.70	77.40	154.80	309.60	774.00	1,548.00	15,480	\$4.13	-----

¹Yield on purchase price from issue date to extended maturity date is 3.72 percent.

For all other footnotes see Table 26.

TABLE 41

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1955, THROUGH MARCH 1, 1956

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Maturity value.....	25.77	51.54	103.08	206.16	515.40	1,030.80	10,308		
Period after original maturity (beginning 9 years 8 months after issue date)	(1) Redemption values during each half-year period (values increase on first day of period shown)							(2) On the re- demption value at start of the extended matu- rity period to the beginning of each half- year period thereafter ¹	(3) On current redemption value from beginning of each half- year period to extended maturity ¹
	EXTENDED MATURITY PERIOD:								
First ½ year.....	\$25.77	\$51.54	\$103.08	\$206.16	\$515.40	\$1,030.80	\$10,308	Percent 0.00	Percent *3.75
½ to 1 year.....	26.22	52.44	104.88	209.76	524.40	1,048.80	10,488	3.49	†4.17
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
1 to 1½ years.....	\$26.70	\$53.40	\$106.80	\$213.60	\$534.00	\$1,068.00	\$10,680	3.58	4.19
1½ to 2 years.....	27.18	54.36	108.72	217.44	543.60	1,087.20	10,872	3.58	4.23
2 to 2½ years.....	27.68	55.36	110.72	221.44	553.60	1,107.20	11,072	3.61	4.26
2½ to 3 years.....	28.20	56.40	112.80	225.60	564.00	1,128.00	11,280	3.64	4.30
3 to 3½ years.....	28.74	57.48	114.96	229.92	574.80	1,149.60	11,496	3.67	4.33
3½ to 4 years.....	29.30	58.60	117.20	234.40	586.00	1,172.00	11,720	3.70	4.36
4 to 4½ years.....	29.88	59.76	119.52	239.04	597.60	1,195.20	11,952	3.73	4.40
4½ to 5 years.....	30.48	60.96	121.92	243.84	609.60	1,219.20	12,192	3.77	4.43
5 to 5½ years.....	31.11	62.22	124.44	248.88	622.20	1,244.40	12,444	3.80	4.46
5½ to 6 years.....	31.76	63.52	127.04	254.08	635.20	1,270.40	12,704	3.84	4.49
6 to 6½ years.....	32.43	64.86	129.72	259.44	648.60	1,297.20	12,972	3.87	4.53
6½ to 7 years.....	33.12	66.24	132.48	264.96	662.40	1,324.80	13,248	3.90	4.57
7 to 7½ years.....	33.85	67.70	135.40	270.80	677.00	1,354.00	13,540	3.93	4.59
7½ to 8 years.....	34.60	69.20	138.40	276.80	692.00	1,384.00	13,840	3.97	4.63
8 to 8½ years.....	35.38	70.76	141.52	283.04	707.60	1,415.20	14,152	4.00	4.65
8½ to 9 years.....	36.18	72.36	144.72	289.44	723.60	1,447.20	14,472	4.03	4.70
9 to 9½ years.....	37.02	74.04	148.08	296.16	740.40	1,480.80	14,808	4.07	4.73
9½ to 10 years.....	37.89	75.78	151.56	303.12	757.80	1,515.60	15,156	4.10	4.75
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	38.79	77.58	155.16	310.32	775.80	1,551.60	15,516	\$4.13	-----

¹Yield on purchase price from issue date to extended maturity date is 3.73 percent.

For all other footnotes see Table 26.

TABLE 42

BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH MAY 1, 1956

Issue price..... Original maturity value..	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	\$7,500 10,000	Approximate investment yield	
Period after issue date	(1) Redemption values during each half-year period † (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ‡	(3) On current redemption value from beginning of each half-year period ‡ (a) to maturity
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Percent 0.00	Percent *3.00
½ to 1 year.....	18.85	37.70	75.40	150.80	377.00	754.00	7,540	1.07	*3.10
1 to 1½ years.....	19.05	38.10	76.20	152.40	381.00	762.00	7,620	1.59	*3.16
1½ to 2 years.....	19.30	38.60	77.20	154.40	386.00	772.00	7,720	1.94	*3.19
2 to 2½ years.....	19.55	39.10	78.20	156.40	391.00	782.00	7,820	2.10	*3.23
2½ to 3 years.....	19.80	39.60	79.20	158.40	396.00	792.00	7,920	2.19	*3.28
3 to 3½ years.....	20.05	40.10	80.20	160.40	401.00	802.00	8,020	2.25	*3.34
3½ to 4 years.....	20.30	40.60	81.20	162.40	406.00	812.00	8,120	2.28	*3.91
4 to 4½ years.....	20.56	41.12	82.24	164.48	411.20	822.40	8,224	2.32	*4.03
4½ to 5 years.....	20.92	41.84	83.68	167.36	418.40	836.80	8,368	2.45	*4.08
5 to 5½ years.....	21.29	42.58	85.16	170.32	425.80	851.60	8,516	2.56	*4.13
5½ to 6 years.....	21.67	43.34	86.68	173.36	433.40	866.80	8,668	2.65	*4.20
6 to 6½ years.....	22.06	44.12	88.24	176.48	441.20	882.40	8,824	2.73	*4.28
6½ to 7 years.....	22.45	44.90	89.80	179.60	449.00	898.00	8,980	2.79	*4.40
7 to 7½ years.....	22.86	45.72	91.44	182.88	457.20	914.40	9,144	2.85	*4.54
7½ to 8 years.....	23.28	46.56	93.12	186.24	465.60	931.20	9,312	2.91	*4.75
8 to 8½ years.....	23.76	47.52	95.04	190.08	475.20	950.40	9,504	2.98	*4.93
8½ to 9 years.....	24.26	48.52	97.04	194.08	485.20	970.40	9,704	3.05	*5.24
9 to 9½ years.....	24.76	49.52	99.04	198.08	495.20	990.40	9,904	3.11	*6.09
9½ years to 9 years and 8 months.....	25.28	50.56	101.12	202.24	505.60	1,011.20	10,112	3.17	†11.86
MATURITY VALUE (9 years and 8 months from issue date).....	25.77	51.54	103.08	206.16	515.40	1,030.80	10,308	3.32	-----
Period after maturity date	EXTENDED MATURITY PERIOD							(b) to extended maturity	
First ½ year.....	\$25.77	\$51.54	\$103.08	\$206.16	\$515.40	\$1,030.80	\$10,308	3.32	**4.15
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
½ to 1 year.....	\$26.30	\$52.60	\$105.20	\$210.40	\$526.00	\$1,052.00	\$10,520	3.36	4:15
1 to 1½ years.....	26.85	53.70	107.40	214.80	537.00	1,074.00	10,740	3.39	4:15
1½ to 2 years.....	27.41	54.82	109.64	219.28	548.20	1,096.40	10,964	3.43	4:15
2 to 2½ years.....	27.98	55.96	111.92	223.84	559.60	1,119.20	11,192	3.46	4:15
2½ to 3 years.....	28.56	57.12	114.24	228.48	571.20	1,142.40	11,424	3.49	4:15
3 to 3½ years.....	29.15	58.30	116.60	233.20	583.00	1,166.00	11,660	3.51	4:15
3½ to 4 years.....	29.75	59.50	119.00	238.00	595.00	1,190.00	11,900	3.54	4:15
4 to 4½ years.....	30.37	60.74	121.48	242.96	607.40	1,214.80	12,148	3.56	4:15
4½ to 5 years.....	31.00	62.00	124.00	248.00	620.00	1,240.00	12,400	3.58	4:15
5 to 5½ years.....	31.65	63.30	126.60	253.20	633.00	1,266.00	12,660	3.60	4:15
5½ to 6 years.....	32.30	64.60	129.20	258.40	646.00	1,292.00	12,920	3.62	4:15
6 to 6½ years.....	32.97	65.94	131.88	263.76	659.40	1,318.80	13,188	3.64	4:15
6½ to 7 years.....	33.66	67.32	134.64	269.28	673.20	1,346.40	13,464	3.65	4:15
7 to 7½ years.....	34.35	68.70	137.40	274.80	687.00	1,374.00	13,740	3.67	4:15
7½ to 8 years.....	35.07	70.14	140.28	280.56	701.40	1,402.80	14,028	3.68	4:15
8 to 8½ years.....	35.80	71.60	143.20	286.40	716.00	1,432.00	14,320	3.69	4:14
8½ to 9 years.....	36.54	73.08	146.16	292.32	730.80	1,461.60	14,616	3.71	4:15
9 to 9½ years.....	37.30	74.60	149.20	298.40	746.00	1,492.00	14,920	3.72	4:14
9½ to 10 years.....	38.07	76.14	152.28	304.56	761.40	1,522.80	15,228	3.73	4:15
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ².....	38.86	77.72	155.44	310.88	777.20	1,554.40	15,544	3.74	-----

*Yield from beginning of each half-year period to original maturity, at original maturity value prior to the June 1, 1959, revision.

†Starting with the effective date of the June 1, 1959, revision, yields from beginning of each half-year period to original maturity date, at original maturity value prior to the December 1, 1965, revision.

**Yield from effective date of the December 1, 1965, revision to the next maturity date.

¹ 2 month period from 9½ years to 9 years and 8 months.

² 10 years and 8 months after issue date.

TABLE 43

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1956

Issue price	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.00
½ to 1 year	18.85	37.70	75.40	150.80	377.00	754.00	7,540	1.07	*3.10
1 to 1½ years	19.05	38.10	76.20	152.40	381.00	762.00	7,620	1.59	*3.16
1½ to 2 years	19.30	38.60	77.20	154.40	386.00	772.00	7,720	1.94	*3.19
2 to 2½ years	19.55	39.10	78.20	156.40	391.00	782.00	7,820	2.10	*3.23
2½ to 3 years	19.80	39.60	79.20	158.40	396.00	792.00	7,920	2.19	*3.28
3 to 3½ years	20.05	40.10	80.20	160.40	401.00	802.00	8,020	2.25	*3.84
3½ to 4 years	20.31	40.62	81.24	162.48	406.20	812.40	8,124	2.30	*3.94
4 to 4½ years	20.57	41.14	82.28	164.56	411.40	822.80	8,228	2.33	*4.06
4½ to 5 years	20.93	41.86	83.72	167.44	418.60	837.20	8,372	2.46	*4.11
5 to 5½ years	21.31	42.62	85.24	170.48	426.20	852.40	8,524	2.58	*4.16
5½ to 6 years	21.70	43.40	86.80	173.60	434.00	868.00	8,680	2.67	*4.23
6 to 6½ years	22.09	44.18	88.36	176.72	441.80	883.60	8,836	2.75	*4.31
6½ to 7 years	22.50	45.00	90.00	180.00	450.00	900.00	9,000	2.82	*4.41
7 to 7½ years	22.91	45.82	91.64	183.28	458.20	916.40	9,164	2.88	*4.55
7½ to 8 years	23.33	46.66	93.32	186.64	466.60	933.20	9,332	2.94	*4.75
8 to 8½ years	23.82	47.64	95.28	190.56	476.40	952.80	9,528	3.01	*4.92
8½ to 9 years	24.31	48.62	97.24	194.48	486.20	972.40	9,724	3.08	*5.27
9 to 9½ years	24.82	49.64	99.28	198.56	496.40	992.80	9,928	3.14	*6.07
9½ years to 9 years and 8 months	25.34	50.68	101.36	202.72	506.80	1,013.60	10,136	3.20	*11.83
MATURITY VALUE (9 years and 8 months from issue date)	25.83	51.66	103.32	206.64	516.60	1,033.20	10,332	3.34	-----
Period after maturity date	EXTENDED MATURITY PERIOD							(b) to extended maturity	
First ½ year	\$25.83	\$51.66	\$103.32	\$206.64	\$516.60	\$1,033.20	\$10,332	3.34	**4.15
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
½ to 1 year	\$26.37	\$52.74	\$105.48	\$210.96	\$527.40	\$1,054.80	\$10,548	3.38	4.15
1 to 1½ years	26.91	53.82	107.64	215.28	538.20	1,076.40	10,764	3.42	4.15
1½ to 2 years	27.47	54.94	109.88	219.76	549.40	1,098.80	10,988	3.45	4.15
2 to 2½ years	28.04	56.08	112.16	224.32	560.80	1,121.60	11,216	3.48	4.15
2½ to 3 years	28.62	57.24	114.48	228.96	572.40	1,144.80	11,448	3.51	4.15
3 to 3½ years	29.22	58.44	116.88	233.76	584.40	1,168.80	11,688	3.53	4.15
3½ to 4 years	29.82	59.64	119.28	238.56	596.40	1,192.80	11,928	3.56	4.15
4 to 4½ years	30.44	60.88	121.76	243.52	608.80	1,217.60	12,176	3.58	4.15
4½ to 5 years	31.07	62.14	124.28	248.56	621.40	1,242.80	12,428	3.60	4.15
5 to 5½ years	31.72	63.44	126.88	253.76	634.40	1,268.80	12,688	3.62	4.15
5½ to 6 years	32.38	64.76	129.52	259.04	647.60	1,295.20	12,952	3.63	4.15
6 to 6½ years	33.05	66.10	132.20	264.40	661.00	1,322.00	13,220	3.65	4.15
6½ to 7 years	33.73	67.46	134.92	269.84	674.60	1,349.20	13,492	3.67	4.15
7 to 7½ years	34.43	68.86	137.72	275.44	688.60	1,377.20	13,772	3.68	4.15
7½ to 8 years	35.15	70.30	140.60	281.20	703.00	1,406.00	14,060	3.69	4.15
8 to 8½ years	35.88	71.76	143.52	287.04	717.60	1,435.20	14,352	3.71	4.15
8½ to 9 years	36.62	73.24	146.48	292.96	732.40	1,464.80	14,648	3.72	4.15
9 to 9½ years	37.38	74.76	149.52	299.04	747.60	1,495.20	14,952	3.73	4.16
9½ to 10 years	38.16	76.32	152.64	305.28	763.20	1,526.40	15,264	3.74	4.14
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	38.95	77.90	155.80	311.60	779.00	1,558.00	15,580	3.75	-----

For all footnotes see Table 42.

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TABLE 44

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1956, THROUGH JANUARY 1, 1957

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value...	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ (a) to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.00
½ to 1 year.....	18.85	37.70	75.40	150.80	377.00	754.00	7,540	1.07	*3.10
1 to 1½ years.....	19.05	38.10	76.20	152.40	381.00	762.00	7,620	1.59	*3.18
1½ to 2 years.....	19.30	38.60	77.20	154.40	386.00	772.00	7,720	1.94	*3.19
2 to 2½ years.....	19.55	39.10	78.20	156.40	391.00	782.00	7,820	2.10	*3.23
2½ to 3 years.....	19.80	39.60	79.20	158.40	396.00	792.00	7,920	2.19	*3.78
3 to 3½ years.....	20.06	40.12	80.24	160.48	401.20	802.40	8,024	2.26	*3.87
3½ to 4 years.....	20.32	40.64	81.28	162.56	406.40	812.80	8,128	2.31	*3.97
4 to 4½ years.....	20.58	41.16	82.32	164.64	411.60	823.20	8,232	2.34	*4.10
4½ to 5 years.....	20.96	41.92	83.84	167.68	419.20	838.40	8,384	2.49	*4.14
5 to 5½ years.....	21.34	42.68	85.36	170.72	426.80	853.60	8,536	2.60	*4.19
5½ to 6 years.....	21.73	43.46	86.92	173.84	434.60	869.20	8,692	2.70	*4.26
6 to 6½ years.....	22.13	44.26	88.52	177.04	442.60	885.20	8,852	2.78	*4.34
6½ to 7 years.....	22.54	45.08	90.16	180.32	450.80	901.60	9,016	2.85	*4.44
7 to 7½ years.....	22.96	45.92	91.84	183.68	459.20	918.40	9,184	2.91	*4.57
7½ to 8 years.....	23.38	46.76	93.52	187.04	467.60	935.20	9,352	2.96	*4.78
8 to 8½ years.....	23.87	47.74	95.48	190.96	477.40	954.80	9,548	3.04	*4.96
8½ to 9 years.....	24.37	48.74	97.48	194.96	487.40	974.80	9,748	3.11	*5.29
9 to 9½ years.....	24.88	49.76	99.52	199.04	497.60	995.20	9,952	3.17	**6.54
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
9½ years to 9 years and 8 months.....	\$25.44	\$50.88	\$101.76	\$203.52	\$508.80	\$1,017.60	\$10,176	3.24	12.76
MATURITY VALUE (9 years and 8 months from issue date).....	25.97	51.94	103.88	207.76	519.40	1,038.80	10,388	3.40	-----
Period after maturity date	EXTENDED MATURITY PERIOD							(b) to extended maturity	
First ½ year.....	\$25.97	\$51.94	\$103.88	\$207.76	\$519.40	\$1,038.80	\$10,388	3.40	4.15
½ to 1 year.....	26.51	53.02	106.04	212.08	530.20	1,060.40	10,604	3.44	4.15
1 to 1½ years.....	27.06	54.12	108.24	216.48	541.20	1,082.40	10,824	3.47	4.15
1½ to 2 years.....	27.62	55.24	110.48	220.96	552.40	1,104.80	11,048	3.50	4.15
2 to 2½ years.....	28.19	56.38	112.76	225.52	563.80	1,127.60	11,276	3.53	4.15
2½ to 3 years.....	28.78	57.56	115.12	230.24	575.60	1,151.20	11,512	3.55	4.15
3 to 3½ years.....	29.38	58.76	117.52	235.04	587.60	1,175.20	11,752	3.58	4.15
3½ to 4 years.....	29.99	59.98	119.96	239.92	599.80	1,199.60	11,996	3.60	4.15
4 to 4½ years.....	30.61	61.22	122.44	244.88	612.20	1,224.40	12,244	3.62	4.15
4½ to 5 years.....	31.24	62.48	124.96	249.92	624.80	1,249.60	12,496	3.64	4.15
5 to 5½ years.....	31.89	63.78	127.56	255.12	637.80	1,275.60	12,756	3.65	4.15
5½ to 6 years.....	32.55	65.10	130.20	260.40	651.00	1,302.00	13,020	3.67	4.15
6 to 6½ years.....	33.23	66.46	132.92	265.84	664.60	1,329.20	13,292	3.69	4.15
6½ to 7 years.....	33.92	67.84	135.68	271.36	678.40	1,356.80	13,568	3.70	4.15
7 to 7½ years.....	34.62	69.24	138.48	276.96	692.40	1,384.80	13,848	3.71	4.15
7½ to 8 years.....	35.34	70.68	141.36	282.72	706.80	1,413.60	14,136	3.73	4.15
8 to 8½ years.....	36.07	72.14	144.28	288.56	721.40	1,442.80	14,428	3.74	4.15
8½ to 9 years.....	36.82	73.64	147.28	294.56	736.40	1,472.80	14,728	3.75	4.15
9 to 9½ years.....	37.59	75.18	150.36	300.72	751.80	1,503.60	15,036	3.76	4.13
9½ to 10 years.....	38.37	76.74	153.48	306.96	767.40	1,534.80	15,348	3.77	4.12
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	39.16	78.32	156.64	313.28	783.20	1,566.40	15,664	3.78	-----

For all footnotes see Table 42.

TABLE 45

BONDS BEARING ISSUE DATES FROM FEBRUARY 1 THROUGH MAY 1, 1957

Issue price.....	\$18. 75	\$37. 50	\$75. 00	\$150. 00	\$375. 00	\$750. 00	\$7, 500	Approximate investment yield	
Original maturity value...	25. 00	50. 00	100. 00	200. 00	500. 00	1, 000. 00	10, 000		
Period after issue date	(1) Redemption values during each half-year period * (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period †	(3) On current redemption value from beginning of each half-year period ‡ (a) to maturity
First ½ year.....	\$18. 75	\$37. 50	\$75. 00	\$150. 00	\$375. 00	\$750. 00	\$7, 500	Percent 0. 00	Percent *3. 25
½ to 1 year.....	18. 90	37. 80	75. 60	151. 20	378. 00	756. 00	7, 560	1. 60	*3. 35
1 to 1½ years.....	19. 18	38. 36	76. 72	153. 44	383. 60	767. 20	7, 672	2. 28	*3. 38
1½ to 2 years.....	19. 48	38. 96	77. 92	155. 84	389. 60	779. 20	7, 792	2. 56	*3. 39
2 to 2½ years.....	19. 81	39. 62	79. 24	158. 48	396. 20	792. 40	7, 924	2. 77	*3. 39
2½ to 3 years.....	20. 15	40. 30	80. 60	161. 20	403. 00	806. 00	8, 060	2. 90	†3. 89
3 to 3½ years.....	20. 51	41. 02	82. 04	164. 08	410. 20	820. 40	8, 204	3. 01	†3. 92
3½ to 4 years.....	20. 87	41. 74	83. 48	166. 96	417. 40	834. 80	8, 348	3. 08	†3. 95
4 to 4½ years.....	21. 25	42. 50	85. 00	170. 00	425. 00	850. 00	8, 500	3. 15	†3. 99
4½ to 5 years.....	21. 64	43. 28	86. 56	173. 12	432. 80	865. 60	8, 656	3. 21	†4. 02
5 to 5½ years.....	22. 05	44. 10	88. 20	176. 40	441. 00	882. 00	8, 820	3. 27	†4. 05
5½ to 6 years.....	22. 46	44. 92	89. 84	179. 68	449. 20	898. 40	8, 984	3. 31	†4. 10
6 to 6½ years.....	22. 89	45. 78	91. 56	183. 12	457. 80	915. 60	9, 156	3. 35	†4. 15
6½ to 7 years.....	23. 34	46. 68	93. 36	186. 72	466. 80	933. 60	9, 336	3. 40	†4. 19
7 to 7½ years.....	23. 81	47. 62	95. 24	190. 48	476. 20	952. 40	9, 524	3. 44	†4. 23
7½ to 8 years.....	24. 29	48. 58	97. 16	194. 32	485. 80	971. 60	9, 716	3. 48	†4. 30
8 to 8½ years.....	24. 78	49. 56	99. 12	198. 24	495. 60	991. 20	9, 912	3. 52	†4. 45
8½ years to 8 years and 11 months.....	25. 29	50. 58	101. 16	202. 32	505. 80	1, 011. 60	10, 116	3. 55	†4. 85
MATURITY VALUE (8 years and 11 months from issue date).....	25. 80	51. 60	103. 20	206. 40	516. 00	1, 032. 00	10, 320	3. 61	-----
Period after maturity date	EXTENDED MATURITY PERIOD							(b) to extended maturity	
First ½ year.....	\$25. 80	\$51. 60	\$103. 20	\$206. 40	\$516. 00	\$1, 032. 00	\$10, 320	3. 61	**4. 15
Redemption values and investment yields to extended maturity on basis of December 1, 1965, revision									
½ to 1 year.....	\$26. 34	\$52. 68	\$105. 36	\$210. 72	\$526. 80	\$1, 053. 60	\$10, 536	3. 64	4. 15
1 to 1½ years.....	26. 88	53. 76	107. 52	215. 04	537. 60	1, 075. 20	10, 752	3. 67	4. 15
1½ to 2 years.....	27. 44	54. 88	109. 76	219. 52	548. 80	1, 097. 60	10, 976	3. 69	4. 15
2 to 2½ years.....	28. 01	56. 02	112. 04	224. 08	560. 20	1, 120. 40	11, 204	3. 71	4. 15
2½ to 3 years.....	28. 59	57. 18	114. 36	228. 72	571. 80	1, 143. 60	11, 436	3. 73	4. 15
3 to 3½ years.....	29. 18	58. 36	116. 72	233. 44	583. 60	1, 167. 20	11, 672	3. 75	4. 15
3½ to 4 years.....	29. 79	59. 58	119. 16	238. 32	595. 80	1, 191. 60	11, 916	3. 76	4. 15
4 to 4½ years.....	30. 41	60. 82	121. 64	243. 28	608. 20	1, 216. 40	12, 164	3. 78	4. 15
4½ to 5 years.....	31. 04	62. 08	124. 16	248. 32	620. 80	1, 241. 60	12, 416	3. 79	4. 15
5 to 5½ years.....	31. 68	63. 36	126. 72	253. 44	633. 60	1, 267. 20	12, 672	3. 80	4. 15
5½ to 6 years.....	32. 34	64. 68	129. 36	258. 72	646. 80	1, 293. 60	12, 936	3. 82	4. 15
6 to 6½ years.....	33. 01	66. 02	132. 04	264. 08	660. 20	1, 320. 40	13, 204	3. 83	4. 15
6½ to 7 years.....	33. 70	67. 40	134. 80	269. 60	674. 00	1, 348. 00	13, 480	3. 84	4. 15
7 to 7½ years.....	34. 39	68. 78	137. 56	275. 12	687. 80	1, 375. 60	13, 756	3. 85	4. 16
7½ to 8 years.....	35. 11	70. 22	140. 44	280. 88	702. 20	1, 404. 40	14, 044	3. 86	4. 15
8 to 8½ years.....	35. 84	71. 68	143. 36	286. 72	716. 80	1, 433. 60	14, 336	3. 87	4. 15
8½ to 9 years.....	36. 58	73. 16	146. 32	292. 64	731. 60	1, 463. 20	14, 632	3. 87	4. 16
9 to 9½ years.....	37. 34	74. 68	149. 36	298. 72	746. 80	1, 493. 60	14, 936	3. 88	4. 16
9½ to 10 years.....	38. 11	76. 22	152. 44	304. 88	762. 20	1, 524. 40	15, 244	3. 89	4. 20
EXTENDED MATU- RITY VALUE (10 years from original maturity date) *.....	38. 91	77. 82	155. 64	311. 28	778. 20	1, 556. 40	15, 564	3. 90	-----

*Yield from beginning of each half-year period to maturity at original maturity value prior to the June 1, 1959, revision.

†Starting with the effective date of the June 1, 1959, revision, yields from beginning of each half-year period to original maturity date, at original maturity value prior to the December 1, 1965, revision.

**Yield from effective date of the December 1, 1965, revision to the next maturity date.

‡3 month period in the case of the 8½ years to 8 year and 11 month period. †18 years and 11 months after issue date.

TABLE 46

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1957

Issue price..... Original maturity value..	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	\$7,500 10,000	Approximate investment yield	
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ (a) to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.25
½ to 1 year.....	18.90	37.80	75.60	151.20	378.00	756.00	7,560	1.60	*3.35
1 to 1½ years.....	19.18	38.36	76.72	153.44	383.60	767.20	7,672	2.28	*3.38
1½ to 2 years.....	19.48	38.96	77.92	155.84	389.60	779.20	7,792	2.56	*3.39
2 to 2½ years.....	19.81	39.62	79.24	158.48	396.20	792.40	7,924	2.77	13.89
2½ to 3 years.....	20.16	40.32	80.64	161.28	403.20	806.40	8,064	2.92	13.92
3 to 3½ years.....	20.52	41.04	82.08	164.16	410.40	820.80	8,208	3.03	13.95
3½ to 4 years.....	20.88	41.76	83.52	167.04	417.60	835.20	8,352	3.10	13.99
4 to 4½ years.....	21.27	42.54	85.08	170.16	425.40	850.80	8,508	3.18	14.01
4½ to 5 years.....	21.67	43.34	86.68	173.36	433.40	866.80	8,668	3.24	14.04
5 to 5½ years.....	22.08	44.16	88.32	176.64	441.60	883.20	8,832	3.30	14.08
5½ to 6 years.....	22.51	45.02	90.04	180.08	450.20	900.40	9,004	3.35	14.10
6 to 6½ years.....	22.94	45.88	91.76	183.52	458.80	917.60	9,176	3.39	14.15
6½ to 7 years.....	23.39	46.78	93.56	187.12	467.80	935.60	9,356	3.43	14.20
7 to 7½ years.....	23.86	47.72	95.44	190.88	477.20	954.40	9,544	3.47	14.24
7½ to 8 years.....	24.34	48.68	97.36	194.72	486.80	973.60	9,736	3.51	14.32
8 to 8½ years.....	24.84	49.68	99.36	198.72	496.80	993.60	9,936	3.55	14.44
8½ years to 8 years and 11 months.....	25.35	50.70	101.40	202.80	507.00	1,014.00	10,140	3.58	**5.31

Redemption values and investment yields to maturity on the basis of December 1, 1965, revision

MATURITY VALUE (8 years and 11 months from issue date).....	\$25.91	\$51.82	\$103.64	\$207.28	\$518.20	\$1,036.40	\$10,364	3.66	-----
Period after maturity date	EXTENDED MATURITY PERIOD							3.66	(b) to extended maturity
First ½ year.....	\$25.91	\$51.82	\$103.64	\$207.28	\$518.20	\$1,036.40	\$10,364	3.66	4.15
½ to 1 year.....	26.45	52.90	105.80	211.60	529.00	1,058.00	10,580	3.69	4.15
1 to 1½ years.....	27.00	54.00	108.00	216.00	540.00	1,080.00	10,800	3.71	4.15
1½ to 2 years.....	27.56	55.12	110.24	220.48	551.20	1,102.40	11,024	3.73	4.15
2 to 2½ years.....	28.13	56.26	112.52	225.04	562.60	1,125.20	11,252	3.75	4.15
2½ to 3 years.....	28.71	57.42	114.84	229.68	574.20	1,148.40	11,484	3.77	4.15
3 to 3½ years.....	29.31	58.62	117.24	234.48	586.20	1,172.40	11,724	3.78	4.15
3½ to 4 years.....	29.92	59.84	119.68	239.36	598.40	1,196.80	11,968	3.80	4.15
4 to 4½ years.....	30.54	61.08	122.16	244.32	610.80	1,221.60	12,216	3.81	4.15
4½ to 5 years.....	31.17	62.34	124.68	249.36	623.40	1,246.80	12,468	3.82	4.15
5 to 5½ years.....	31.82	63.64	127.28	254.56	636.40	1,272.80	12,728	3.84	4.15
5½ to 6 years.....	32.48	64.96	129.92	259.84	649.60	1,299.20	12,992	3.85	4.15
6 to 6½ years.....	33.15	66.30	132.60	265.20	663.00	1,326.00	13,260	3.86	4.15
6½ to 7 years.....	33.84	67.68	135.36	270.72	676.80	1,353.60	13,536	3.87	4.15
7 to 7½ years.....	34.54	69.08	138.16	276.32	690.80	1,381.60	13,816	3.88	4.15
7½ to 8 years.....	35.26	70.52	141.04	282.08	705.20	1,410.40	14,104	3.88	4.15
8 to 8½ years.....	35.99	71.98	143.96	287.92	719.80	1,439.60	14,396	3.89	4.15
8½ to 9 years.....	36.74	73.48	146.96	293.92	734.80	1,469.60	14,696	3.90	4.14
9 to 9½ years.....	37.50	75.00	150.00	300.00	750.00	1,500.00	15,000	3.91	4.14
9½ to 10 years.....	38.28	76.56	153.12	306.24	765.60	1,531.20	15,312	3.91	4.13
EXTENDED MATU- RITY VALUE (10 years from original maturity date) ²	39.07	78.14	156.28	312.56	781.40	1,562.80	15,628	3.92	-----

For footnotes see Table 45.

TABLE 47

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1957, THROUGH MAY 1, 1958

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000	yield	
Period after issue date	(1) Redemption values during each half-year period 1 (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period 1	(3) On current redemption value from beginning of each half-year period 1 to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.25
½ to 1 year.....	18.90	37.80	75.60	151.20	378.00	756.00	7,560	1.60	*3.35
1 to 1½ years.....	19.18	38.36	76.72	153.44	383.60	767.20	7,672	2.28	*3.38
1½ to 2 years.....	19.48	38.96	77.92	155.84	389.60	779.20	7,792	2.56	13.89
2 to 2½ years.....	19.82	39.64	79.28	158.56	396.40	792.80	7,928	2.79	13.95
2½ to 3 years.....	20.17	40.34	80.68	161.36	403.40	806.80	8,068	2.94	13.99
3 to 3½ years.....	20.53	41.06	82.12	164.24	410.60	821.20	8,212	3.05	14.01
3½ to 4 years.....	20.91	41.82	83.64	167.28	418.20	836.40	8,364	3.14	14.04
4 to 4½ years.....	21.30	42.60	85.20	170.40	426.00	852.00	8,520	3.21	14.07
4½ to 5 years.....	21.70	43.40	86.80	173.60	434.00	868.00	8,680	3.27	14.10
5 to 5½ years.....	22.12	44.24	88.48	176.96	442.40	884.80	8,848	3.33	14.13
5½ to 6 years.....	22.55	45.10	90.20	180.40	451.00	902.00	9,020	3.38	14.17
6 to 6½ years.....	22.99	45.98	91.96	183.92	459.80	919.60	9,196	3.43	14.22
6½ to 7 years.....	23.44	46.88	93.76	187.52	468.80	937.60	9,376	3.46	14.28
7 to 7½ years.....	23.91	47.82	95.64	191.28	478.20	956.40	9,564	3.50	14.34
7½ to 8 years.....	24.40	48.80	97.60	195.20	488.00	976.00	9,760	3.54	***4.90
8 to 8½ years.....	24.90	49.80	99.60	199.20	498.00	996.00	9,960	3.58	
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
8½ years to 8 years and 11 months.....	\$25.44	\$50.88	\$101.76	\$203.52	\$508.80	\$1,017.60	\$10,176	3.62	5.58
MATURITY VALUE (8 years and 11 months from issue date).....	26.03	52.06	104.12	208.24	520.60	1,041.20	10,412	3.71	-----
Period after maturity date	EXTENDED MATURITY PERIOD							(b) to extended maturity	
First ½ year.....	\$26.03	\$52.06	\$104.12	\$208.24	\$520.60	\$1,041.20	\$10,412	3.71	4.15
½ to 1 year.....	26.57	53.14	106.28	212.56	531.40	1,062.80	10,628	3.74	4.15
1 to 1½ years.....	27.12	54.24	108.48	216.96	542.40	1,084.80	10,848	3.76	4.15
1½ to 2 years.....	27.68	55.36	110.72	221.44	553.60	1,107.20	11,072	3.77	4.15
2 to 2½ years.....	28.26	56.52	113.04	226.08	565.20	1,130.40	11,304	3.79	4.15
2½ to 3 years.....	28.85	57.70	115.40	230.80	577.00	1,154.00	11,540	3.81	4.15
3 to 3½ years.....	29.44	58.88	117.76	235.52	588.80	1,177.60	11,776	3.82	4.15
3½ to 4 years.....	30.05	60.10	120.20	240.40	601.00	1,202.00	12,020	3.83	4.15
4 to 4½ years.....	30.68	61.36	122.72	245.44	613.60	1,227.20	12,272	3.85	4.15
4½ to 5 years.....	31.31	62.62	125.24	250.48	626.20	1,252.40	12,524	3.86	4.15
5 to 5½ years.....	31.96	63.92	127.84	255.68	639.20	1,278.40	12,784	3.87	4.15
5½ to 6 years.....	32.63	65.26	130.52	261.04	652.60	1,305.20	13,052	3.88	4.15
6 to 6½ years.....	33.30	66.60	133.20	266.40	666.00	1,332.00	13,320	3.89	4.15
6½ to 7 years.....	34.00	68.00	136.00	272.00	680.00	1,360.00	13,600	3.90	4.14
7 to 7½ years.....	34.70	69.40	138.80	277.60	694.00	1,388.00	13,880	3.90	4.15
7½ to 8 years.....	35.42	70.84	141.68	283.36	708.40	1,416.80	14,168	3.91	4.15
8 to 8½ years.....	36.16	72.32	144.64	289.28	723.20	1,446.40	14,464	3.92	4.14
8½ to 9 years.....	36.91	73.82	147.64	295.28	738.20	1,476.40	14,764	3.93	4.14
9 to 9½ years.....	37.67	75.34	150.68	301.36	753.40	1,506.80	15,068	3.93	4.15
9½ to 10 years.....	38.45	76.90	153.80	307.60	769.00	1,538.00	15,380	3.94	4.16
EXTENDED MATURITY VALUE (10 years from original maturity date)²	39.25	78.50	157.00	314.00	785.00	1,570.00	15,700	3.94	-----

For footnotes see Table 45.

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TABLE 48

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1958

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ (a) to maturity
								Percent	Percent
First ½ year	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.25
½ to 1 year	18.90	37.80	75.60	151.20	378.00	756.00	7,560	1.60	*3.35
1 to 1½ years	19.18	38.36	76.72	153.44	383.60	767.20	7,672	2.28	†3.88
1½ to 2 years	19.49	38.98	77.96	155.92	389.80	779.60	7,796	2.60	†3.92
2 to 2½ years	19.83	39.66	79.32	158.64	396.60	793.20	7,932	2.82	†3.95
2½ to 3 years	20.18	40.36	80.72	161.44	403.60	807.20	8,072	2.96	†3.98
3 to 3½ years	20.55	41.10	82.20	164.40	411.00	822.00	8,220	3.08	†4.01
3½ to 4 years	20.93	41.86	83.72	167.44	418.60	837.20	8,372	3.17	†4.04
4 to 4½ years	21.33	42.66	85.32	170.64	426.60	853.20	8,532	3.25	†4.06
4½ to 5 years	21.74	43.48	86.96	173.92	434.80	869.60	8,696	3.32	†4.08
5 to 5½ years	22.16	44.32	88.64	177.28	443.20	886.40	8,864	3.37	†4.11
5½ to 6 years	22.59	45.18	90.36	180.72	451.80	903.60	9,036	3.42	†4.15
6 to 6½ years	23.03	46.06	92.12	184.24	460.60	921.20	9,212	3.46	†4.19
6½ to 7 years	23.50	47.00	94.00	188.00	470.00	940.00	9,400	3.50	†4.21
7 to 7½ years	23.97	47.94	95.88	191.76	479.40	958.80	9,588	3.54	†4.27
7½ to 8 years	24.46	48.92	97.84	195.68	489.20	978.40	9,784	3.58	**4.74
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
8 to 8½ years	\$24.98	\$49.96	\$99.92	\$199.84	\$499.60	\$999.20	\$9,992	3.62	5.01
8½ years to 8 years and 11 months	25.54	51.08	102.16	204.32	510.80	1,021.60	10,216	3.67	5.65
MATURITY VALUE (8 years and 11 months from issue date)	26.14	52.28	104.56	209.12	522.80	1,045.60	10,456	3.76	-----
Period after maturity date	EXTENDED MATURITY PERIOD							(b) to extended maturity	
First ½ year	\$26.14	\$52.28	\$104.56	\$209.12	\$522.80	\$1,045.60	\$10,456	3.76	4.15
½ to 1 year	26.68	53.36	106.72	213.44	533.60	1,067.20	10,672	3.78	4.15
1 to 1½ years	27.24	54.48	108.96	217.92	544.80	1,089.60	10,896	3.80	4.15
1½ to 2 years	27.80	55.60	111.20	222.40	556.00	1,112.00	11,120	3.82	4.15
2 to 2½ years	28.38	56.76	113.52	227.04	567.60	1,135.20	11,352	3.83	4.15
2½ to 3 years	28.97	57.94	115.88	231.76	579.40	1,158.80	11,588	3.85	4.15
3 to 3½ years	29.57	59.14	118.28	236.56	591.40	1,182.80	11,828	3.86	4.15
3½ to 4 years	30.18	60.36	120.72	241.44	603.60	1,207.20	12,072	3.87	4.15
4 to 4½ years	30.81	61.62	123.24	246.48	616.20	1,232.40	12,324	3.88	4.15
4½ to 5 years	31.45	62.90	125.80	251.60	629.00	1,258.00	12,580	3.89	4.15
5 to 5½ years	32.10	64.20	128.40	256.80	642.00	1,284.00	12,840	3.90	4.15
5½ to 6 years	32.77	65.54	131.08	262.16	655.40	1,310.80	13,108	3.91	4.15
6 to 6½ years	33.45	66.90	133.80	267.60	669.00	1,338.00	13,380	3.92	4.15
6½ to 7 years	34.14	68.28	136.56	273.12	682.80	1,365.60	13,656	3.93	4.15
7 to 7½ years	34.85	69.70	139.40	278.80	697.00	1,394.00	13,940	3.93	4.15
7½ to 8 years	35.57	71.14	142.28	284.56	711.40	1,422.80	14,228	3.94	4.15
8 to 8½ years	36.31	72.62	145.24	290.48	726.20	1,452.40	14,524	3.95	4.15
8½ to 9 years	37.06	74.12	148.24	296.48	741.20	1,482.40	14,824	3.95	4.16
9 to 9½ years	37.83	75.66	151.32	302.64	756.60	1,513.20	15,132	3.96	4.16
9½ to 10 years	38.62	77.24	154.48	308.96	772.40	1,544.80	15,448	3.96	4.14
EXTENDED MATURITY VALUE (10 years from original maturity date)²	39.42	78.84	157.68	315.36	788.40	1,576.80	15,768	3.97	-----

Footnotes see Table 45.

TABLE 49

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1958, THROUGH MAY 1, 1959

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value.	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ (a) to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.25
½ to 1 year.....	18.90	37.80	75.60	151.20	378.00	756.00	7,560	1.60	†3.85
1 to 1½ years.....	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	†3.90
1½ to 2 years.....	19.50	39.00	78.00	156.00	390.00	780.00	7,800	2.63	†3.95
2 to 2½ years.....	19.84	39.68	79.36	158.72	396.80	793.60	7,936	2.85	†3.98
2½ to 3 years.....	20.20	40.40	80.80	161.60	404.00	808.00	8,080	3.00	†4.01
3 to 3½ years.....	20.58	41.16	82.32	164.64	411.60	823.20	8,232	3.13	†4.03
3½ to 4 years.....	20.96	41.92	83.84	167.68	419.20	838.40	8,384	3.21	†4.06
4 to 4½ years.....	21.36	42.72	85.44	170.88	427.20	854.40	8,544	3.28	†4.09
4½ to 5 years.....	21.77	43.54	87.08	174.16	435.40	870.80	8,708	3.35	†4.11
5 to 5½ years.....	22.20	44.40	88.80	177.60	444.00	888.00	8,880	3.41	†4.14
5½ to 6 years.....	22.64	45.28	90.56	181.12	452.80	905.60	9,056	3.46	†4.16
6 to 6½ years.....	23.08	46.16	92.32	184.64	461.60	923.20	9,232	3.49	†4.21
6½ to 7 years.....	23.55	47.10	94.20	188.40	471.00	942.00	9,420	3.54	†4.23
7 to 7½ years.....	24.02	48.04	96.08	192.16	480.40	960.80	9,608	3.57	**4.71
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
7½ to 8 years.....	\$24.53	\$49.06	\$98.12	\$196.24	490.60	\$981.20	\$9,812	3.61	4.87
8 to 8½ years.....	25.07	50.14	100.28	200.56	501.40	1,002.80	10,028	3.66	5.12
8½ years to 8 years and 11 months.....	25.66	51.32	102.64	205.28	513.20	1,026.40	10,264	3.73	5.62
MATURITY VALUE (8 years and 11 months from issue date).....	26.26	52.52	105.04	210.08	525.20	1,050.40	10,504	3.81	-----
Period after maturity date	EXTENDED MATURITY PERIOD							(b) to extended maturity	
First ½ year.....	\$26.26	\$52.52	\$105.04	\$210.08	\$525.20	\$1,050.40	\$10,504	3.81	4.15
½ to 1 year.....	26.80	53.60	107.20	214.40	536.00	1,072.00	10,720	3.83	4.15
1 to 1½ years.....	27.36	54.72	109.44	218.88	547.20	1,094.40	10,944	3.85	4.15
1½ to 2 years.....	27.93	55.86	111.72	223.44	558.60	1,117.20	11,172	3.86	4.15
2 to 2½ years.....	28.51	57.02	114.04	228.08	570.20	1,140.40	11,404	3.88	4.15
2½ to 3 years.....	29.10	58.20	116.40	232.80	582.00	1,164.00	11,640	3.89	4.15
3 to 3½ years.....	29.70	59.40	118.80	237.60	594.00	1,188.00	11,880	3.90	4.15
3½ to 4 years.....	30.32	60.64	121.28	242.56	606.40	1,212.80	12,128	3.91	4.15
4 to 4½ years.....	30.95	61.90	123.80	247.60	619.00	1,238.00	12,380	3.92	4.15
4½ to 5 years.....	31.59	63.18	126.36	252.72	631.80	1,263.60	12,636	3.93	4.15
5 to 5½ years.....	32.25	64.50	129.00	258.00	645.00	1,290.00	12,900	3.94	4.15
5½ to 6 years.....	32.92	65.84	131.68	263.36	658.40	1,316.80	13,168	3.94	4.15
6 to 6½ years.....	33.60	67.20	134.40	268.80	672.00	1,344.00	13,440	3.95	4.15
6½ to 7 years.....	34.30	68.60	137.20	274.40	686.00	1,372.00	13,720	3.96	4.15
7 to 7½ years.....	35.01	70.02	140.04	280.08	700.20	1,400.40	14,004	3.96	4.15
7½ to 8 years.....	35.73	71.46	142.92	285.84	714.60	1,429.20	14,292	3.97	4.16
8 to 8½ years.....	36.48	72.96	145.92	291.84	729.60	1,459.20	14,592	3.97	4.15
8½ to 9 years.....	37.23	74.46	148.92	297.84	744.60	1,489.20	14,892	3.98	4.16
9 to 9½ years.....	38.01	76.02	152.04	304.08	760.20	1,520.40	15,204	3.98	4.14
9½ to 10 years.....	38.79	77.58	155.16	310.32	775.80	1,551.60	15,516	3.99	4.18
EXTENDED MATURITY VALUE (10 years from original maturity date) ²	39.60	79.20	158.40	316.80	792.00	1,584.00	15,840	3.99	-----

For footnotes see Table 45.

TABLE 50
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1959

Issue price	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	3.75
½ to 1 year	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	*4.05
3½ to 4 years	21.07	42.14	84.28	168.56	421.40	842.80	8,428	3.36	*4.06
4 to 4½ years	21.50	43.00	86.00	172.00	430.00	860.00	8,600	3.45	*4.06
4½ to 5 years	21.95	43.90	87.80	175.60	439.00	878.00	8,780	3.53	*4.04
5 to 5½ years	22.40	44.80	89.60	179.20	448.00	896.00	8,960	3.59	*4.03
5½ to 6 years	22.86	45.72	91.44	182.88	457.20	914.40	9,144	3.64	*4.02
6 to 6½ years	23.32	46.64	93.28	186.56	466.40	932.80	9,328	3.67	*4.01
6½ to 7 years	23.79	47.58	95.16	190.32	475.80	951.60	9,516	3.70	†4.43
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
7 to 7½ years	\$24.29	\$48.58	\$97.16	\$194.32	\$485.80	\$971.60	\$9,716	3.73	4.58
7½ years to 7 years and 9 months	24.83	49.66	99.32	198.64	496.60	993.20	9,932	3.78	4.86
MATURITY VALUE (7 years and 9 months from issue date)	25.13	50.26	100.52	201.04	502.60	1,005.20	10,052	3.81	-----

*Yield from beginning of each half-year period to maturity at original maturity value prior to the December 1, 1965, revision.

†Yield from effective date of the December 1, 1965, revision to maturity date.

‡3 month period in the case of the 7½ year to 7 year and 9 month period.

TABLE 51
BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1959, THROUGH MAY 1, 1960

Issue price	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	*4.05
3½ to 4 years	21.07	42.14	84.28	168.56	421.40	842.80	8,428	3.36	*4.06
4 to 4½ years	21.50	43.00	86.00	172.00	430.00	860.00	8,600	3.45	*4.06
4½ to 5 years	21.95	43.90	87.80	175.60	439.00	878.00	8,780	3.53	*4.04
5 to 5½ years	22.40	44.80	89.60	179.20	448.00	896.00	8,960	3.59	*4.03
5½ to 6 years	22.86	45.72	91.44	182.88	457.20	914.40	9,144	3.64	*4.02
6 to 6½ years	23.32	46.64	93.28	186.56	466.40	932.80	9,328	3.67	†4.43
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
6½ to 7 years	\$23.80	\$47.60	\$95.20	\$190.40	\$476.00	\$952.00	\$9,520	3.70	4.56
7 to 7½ years	24.33	48.66	97.32	194.64	486.60	973.20	9,732	3.76	4.63
7½ years to 7 years and 9 months	24.88	49.76	99.52	199.04	497.60	995.20	9,952	3.81	4.85
MATURITY VALUE (7 years and 9 months from issue date)	25.18	50.36	100.72	201.44	503.60	1,007.20	10,072	3.84	-----

For footnotes see Table 50.

TABLE 52

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1960

Issue price..... Original maturity value	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	\$7,500 10,000	Approximate investment yield	
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ² Percent	(3) On current redemption value from beginning of each half-year period ³ to maturity Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year.....	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years.....	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years.....	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years.....	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years.....	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years.....	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	*4.05
3½ to 4 years.....	21.07	42.14	84.28	168.56	421.40	842.80	8,428	3.36	*4.06
4 to 4½ years.....	21.50	43.00	86.00	172.00	430.00	860.00	8,600	3.45	*4.06
4½ to 5 years.....	21.95	43.90	87.80	175.60	439.00	878.00	8,780	3.53	*4.04
5 to 5½ years.....	22.40	44.80	89.60	179.20	448.00	896.00	8,960	3.59	*4.03
5½ to 6 years.....	22.86	45.72	91.44	182.88	457.20	914.40	9,144	3.64	†4.43
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
6 to 6½ years.....	\$23.33	\$46.66	\$93.32	\$186.64	\$466.60	\$933.20	\$9,332	3.68	4.52
6½ to 7 years.....	23.83	47.66	95.32	190.64	476.60	953.20	9,532	3.72	4.62
7 to 7½ years.....	24.37	48.74	97.48	194.96	487.40	974.80	9,748	3.78	4.68
7½ years to 7 years and 9 months.....	24.93	49.86	99.72	199.44	498.60	997.20	9,972	3.83	4.84
MATURITY VALUE (7 years and 9 months from issue date).....	25.23	50.46	100.92	201.84	504.60	1,009.20	10,092	3.87	-----

For footnotes see Table 50.

TABLE 53

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1960, THROUGH MAY 1, 1961

Issue price..... Original maturity value	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	\$7,500 10,000	Approximate investment yield	
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ² Percent	(3) On current redemption value from beginning of each half-year period ³ to maturity Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year.....	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years.....	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years.....	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years.....	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years.....	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years.....	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	*4.05
3½ to 4 years.....	21.07	42.14	84.28	168.56	421.40	842.80	8,428	3.36	*4.06
4 to 4½ years.....	21.50	43.00	86.00	172.00	430.00	860.00	8,600	3.45	*4.06
4½ to 5 years.....	21.95	43.90	87.80	175.60	439.00	878.00	8,780	3.53	*4.04
5 to 5½ years.....	22.40	44.80	89.60	179.20	448.00	896.00	8,960	3.59	†4.45
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
5½ to 6 years.....	\$22.87	\$45.74	\$91.48	\$182.96	\$457.40	\$914.80	\$9,148	3.64	4.50
6 to 6½ years.....	23.35	46.70	93.40	186.80	467.00	934.00	9,340	3.69	4.59
6½ to 7 years.....	23.87	47.74	95.48	190.96	477.40	954.80	9,548	3.75	4.64
7 to 7½ years.....	24.41	48.82	97.64	195.28	488.20	976.40	9,764	3.80	4.72
7½ years to 7 years and 9 months.....	24.97	49.94	99.88	199.76	499.40	998.80	9,988	3.86	5.00
MATURITY VALUE (7 years and 9 months from issue date).....	25.28	50.56	101.12	202.24	505.60	1,011.20	10,112	3.89	-----

For footnotes see Table 50.

TABLE 54

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1961

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ²	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year.....	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years.....	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years.....	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years.....	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years.....	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years.....	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	*4.05
3½ to 4 years.....	21.07	42.14	84.28	168.56	421.40	842.80	8,428	3.36	*4.06
4 to 4½ years.....	21.50	43.00	86.00	172.00	430.00	860.00	8,600	3.45	*4.06
4½ to 5 years.....	21.95	43.90	87.80	175.60	439.00	878.00	8,780	3.53	†4.44

Redemption values and investment yields to maturity on basis of December 1, 1965, revision

5 to 5½ years.....	\$22.41	\$44.82	\$89.64	\$179.28	\$448.20	\$896.40	\$8,964	3.60	4.49
5½ to 6 years.....	22.89	45.78	91.56	183.12	457.80	915.60	9,156	3.66	4.53
6 to 6½ years.....	23.38	46.76	93.52	187.04	467.60	935.20	9,352	3.71	4.61
6½ to 7 years.....	23.91	47.82	95.64	191.28	478.20	956.40	9,564	3.78	4.64
7 to 7½ years.....	24.46	48.92	97.84	195.68	489.20	978.40	9,784	3.83	4.66
7½ years to 7 years and 9 months.....	25.02	50.04	100.08	200.16	500.40	1,000.80	10,008	3.88	4.82
MATURITY VALUE (7 years and 9 months from issue date).....	25.32	50.64	101.28	202.56	506.40	1,012.80	10,128	3.91	-----

For footnotes see Table 50.

TABLE 55

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1961, THROUGH MAY 1, 1962

Issue price.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value..	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ²	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year.....	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years.....	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years.....	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years.....	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years.....	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years.....	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	*4.05
3½ to 4 years.....	21.07	42.14	84.28	168.56	421.40	842.80	8,428	3.36	*4.06
4 to 4½ years.....	21.50	43.00	86.00	172.00	430.00	860.00	8,600	3.45	†4.46

Redemption values and investment yields to maturity on basis of December 1, 1965, revision

4½ to 5 years.....	\$21.96	\$43.92	\$87.84	\$175.68	\$439.20	\$878.40	\$8,784	3.54	4.49
5 to 5½ years.....	22.42	44.84	89.68	179.36	448.40	896.80	8,968	3.61	4.55
5½ to 6 years.....	22.91	45.82	91.64	183.28	458.20	916.40	9,164	3.68	4.58
6 to 6½ years.....	23.42	46.84	93.68	187.36	468.40	936.80	9,368	3.74	4.62
6½ to 7 years.....	23.95	47.90	95.80	191.60	479.00	958.00	9,580	3.80	4.66
7 to 7½ years.....	24.50	49.00	98.00	196.00	490.00	980.00	9,800	3.86	4.71
7½ years to 7 years and 9 months.....	25.07	50.14	100.28	200.56	501.40	1,002.80	10,028	3.91	4.82
MATURITY VALUE (7 years and 9 months from issue date).....	25.37	50.74	101.48	202.96	507.40	1,014.80	10,148	3.94	-----

For footnotes see Table 50.

TABLE 56

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1962

Issue price..... Original maturity value..	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	\$7,500 10,000	Approximate investment yield	
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year.....	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years.....	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years.....	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years.....	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years.....	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years.....	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	*4.05
3½ to 4 years.....	21.07	42.14	84.28	168.56	421.40	842.80	8,428	3.36	†4.47
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
4 to 4½ years.....	\$21.51	\$43.02	\$86.04	\$172.08	\$430.20	\$860.40	\$8,604	3.46	4.50
4½ to 5 years.....	21.97	43.94	87.88	175.76	439.40	878.80	8,788	3.55	4.54
5 to 5½ years.....	22.45	44.90	89.80	179.60	449.00	898.00	8,980	3.63	4.57
5½ to 6 years.....	22.95	45.90	91.80	183.60	459.00	918.00	9,180	3.71	4.60
6 to 6½ years.....	23.46	46.92	93.84	187.68	469.20	938.40	9,384	3.77	4.64
6½ to 7 years.....	23.99	47.98	95.96	191.92	479.80	959.60	9,596	3.83	4.69
7 to 7½ years.....	24.55	49.10	98.20	196.40	491.00	982.00	9,820	3.89	4.70
7½ years to 7 years and 9 months.....	25.12	50.24	100.48	200.96	502.40	1,004.80	10,048	3.94	4.81
MATURITY VALUE (7 years and 9 months from issue date).....	25.42	50.84	101.68	203.36	508.40	1,016.80	10,168	3.97	-----

For footnotes see Table 50.

TABLE 57

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1962, THROUGH MAY 1, 1963

Issue price..... Original maturity value..	\$18.75 25.00	\$37.50 50.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	\$7,500 10,000	Approximate investment yield	
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year.....	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years.....	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years.....	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years.....	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years.....	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	*4.03
3 to 3½ years.....	20.66	41.32	82.64	165.28	413.20	826.40	8,264	3.26	†4.46
Redemption values and investment yields to maturity on basis of December 1, 1965, revision									
3½ to 4 years.....	\$21.08	\$42.16	\$84.32	\$168.64	\$421.60	\$843.20	\$8,432	3.37	4.50
4 to 4½ years.....	21.52	43.04	86.08	172.16	430.40	860.80	8,608	3.47	4.54
4½ to 5 years.....	21.99	43.98	87.96	175.92	439.80	879.60	8,796	3.57	4.57
5 to 5½ years.....	22.48	44.96	89.92	179.84	449.60	899.20	8,992	3.66	4.59
5½ to 6 years.....	22.98	45.96	91.92	183.84	459.60	919.20	9,192	3.73	4.62
6 to 6½ years.....	23.50	47.00	94.00	188.00	470.00	940.00	9,400	3.80	4.65
6½ to 7 years.....	24.04	48.08	96.16	192.32	480.80	961.60	9,616	3.86	4.68
7 to 7½ years.....	24.60	49.20	98.40	196.80	492.00	984.00	9,840	3.92	4.69
7½ years to 7 years and 9 months.....	25.17	50.34	100.68	201.36	503.40	1,006.80	10,068	3.96	4.80
MATURITY VALUE (7 years and 9 months from issue date).....	25.47	50.94	101.88	203.76	509.40	1,018.80	10,188	3.99	-----

For footnotes see Table 50.

TABLE 58
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1963

Issue price	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate investment yield	
Original maturity value	25.00	50.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)							(2) On purchase price from issue date to beginning of each half-year period ¹	(3) On current redemption value from beginning of each half-year period ¹ to maturity
								Percent	Percent
First ½ year	\$18.75	\$37.50	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	0.00	*3.75
½ to 1 year	18.91	37.82	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years	19.19	38.38	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years	19.51	39.02	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years	19.90	39.80	79.60	159.20	398.00	796.00	7,960	3.00	*4.01
2½ to 3 years	20.28	40.56	81.12	162.24	405.60	811.20	8,112	3.16	14.43

Redemption values and investment yields to maturity on basis of December 1, 1965, revision

3 to 3½ years	\$20.67	\$41.34	\$82.68	\$165.36	\$413.40	\$826.80	\$8,268	3.28	4.49
3½ to 4 years	21.09	42.18	84.36	168.72	421.80	843.60	8,436	3.39	4.54
4 to 4½ years	21.54	43.08	86.16	172.32	430.80	861.60	8,616	3.50	4.57
4½ to 5 years	22.02	44.04	88.08	176.16	440.40	880.80	8,808	3.60	4.59
5 to 5½ years	22.51	45.02	90.04	180.08	450.20	900.40	9,004	3.69	4.62
5½ to 6 years	23.02	46.04	92.08	184.16	460.40	920.80	9,208	3.77	4.64
6 to 6½ years	23.54	47.08	94.16	188.32	470.80	941.60	9,416	3.83	4.67
6½ to 7 years	24.08	48.16	96.32	192.64	481.60	963.20	9,632	3.89	4.70
7 to 7½ years	24.64	49.28	98.56	197.12	492.80	985.60	9,856	3.94	4.73
7½ years to 7 years and 9 months	25.22	50.44	100.88	201.76	504.40	1,008.80	10,088	3.99	4.79
MATURITY VALUE (7 years and 9 months from issue date)	25.52	51.04	102.08	204.16	510.40	1,020.80	10,208	4.02	-----

For footnotes see Table 50.

TABLE 59
BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1963, THROUGH MAY 1, 1964

Issue price Original maturity value	\$18.75 25.00	\$37.50 50.00	\$56.25 75.00	\$75.00 100.00	\$150.00 200.00	\$375.00 500.00	\$750.00 1,000.00	\$7,500 10,000	Approximate investment yield	
Period after issue date	(1) Redemption values during each half-year period † (values increase on first day of period shown)								(2) On purchase price from issue date to beginning of each half-year period †	(3) On current redemption value from beginning of each half-year period † to maturity
First ½ year	\$18.75	\$37.50	\$56.25	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Percent 0.00	Percent *3.75
½ to 1 year	18.91	37.82	56.73	75.64	151.28	378.20	756.40	7,564	1.71	*3.89
1 to 1½ years	19.19	38.38	57.57	76.76	153.52	383.80	767.60	7,676	2.33	*3.96
1½ to 2 years	19.51	39.02	58.53	78.04	156.08	390.20	780.40	7,804	2.67	*4.01
2 to 2½ years	19.90	39.80	59.70	79.60	159.20	398.00	796.00	7,960	3.00	14.41

Redemption values and investment yields to maturity on basis of December 1, 1965, revision

2½ to 3 years	\$20.29	\$40.58	\$60.87	\$81.16	\$162.32	\$405.80	\$811.60	\$8,116	3.18	4.45
3 to 3½ years	20.68	41.36	62.04	82.72	165.44	413.60	827.20	8,272	3.29	4.52
3½ to 4 years	21.10	42.20	63.30	84.40	168.80	422.00	844.00	8,440	3.40	4.57
4 to 4½ years	21.56	43.12	64.68	86.24	172.48	431.20	862.40	8,624	3.52	4.60
4½ to 5 years	22.05	44.10	66.15	88.20	176.40	441.00	882.00	8,820	3.64	4.61
5 to 5½ years	22.54	45.08	67.62	90.16	180.32	450.80	901.60	9,016	3.72	4.64
5½ to 6 years	23.05	46.10	69.15	92.20	184.40	461.00	922.00	9,220	3.79	4.66
6 to 6½ years	23.58	47.16	70.74	94.32	188.64	471.60	943.20	9,432	3.86	4.68
6½ to 7 years	24.13	48.26	72.39	96.52	193.04	482.60	965.20	9,652	3.92	4.69
7 to 7½ years	24.69	49.38	74.07	98.76	197.52	493.80	987.60	9,876	3.97	4.72
7½ years to 7 years and 9 months	25.27	50.54	75.81	101.08	202.16	505.40	1,010.80	10,108	4.02	4.78
MATURITY VALUE (7 years and 9 months from issue date)	25.57	51.14	76.71	102.28	204.56	511.40	1,022.80	10,228	4.04	-----

For footnotes see Table 50.

TABLE 60

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1964

Issue price..... Original maturity value.....	\$18.75	\$37.50	\$56.25	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate invest- ment yield	
	25.00	50.00	75.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)								(2) On pur- chase price from issue date to be- ginning of each half- year period ²	(3) On current re- demption value from beginning of each half- year period ³ to maturity
First ½ year.....	\$18.75	\$37.50	\$56.25	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Percent	Percent
½ to 1 year.....	18.91	37.82	56.73	75.64	151.28	378.20	756.40	7,564	0.00	*3.75
1 to 1½ years.....	19.19	38.38	57.57	76.76	153.52	383.80	767.60	7,676	1.71	*3.89
1½ to 2 years.....	19.51	39.02	58.53	78.04	156.08	390.20	780.40	7,804	2.33	*3.96
									2.67	14.41
Redemption values and investment yields to maturity on basis of December 1, 1965, revision										
2 to 2½ years.....	\$19.91	\$39.82	\$59.73	\$79.64	\$159.28	\$398.20	\$796.40	\$7,964	3.02	4.43
2½ to 3 years.....	20.30	40.60	60.90	81.20	162.40	406.00	812.00	8,120	3.20	4.48
3 to 3½ years.....	20.69	41.38	62.07	82.76	165.52	413.80	827.60	8,276	3.31	4.55
3½ to 4 years.....	21.12	42.24	63.36	84.48	168.96	422.40	844.80	8,448	3.43	4.60
4 to 4½ years.....	21.59	43.18	64.77	86.36	172.72	431.80	863.60	8,636	3.56	4.62
4½ to 5 years.....	22.08	44.16	66.24	88.32	176.64	441.60	883.20	8,832	3.67	4.63
5 to 5½ years.....	22.58	45.16	67.74	90.32	180.64	451.60	903.20	9,032	3.75	4.65
5½ to 6 years.....	23.09	46.18	69.27	92.36	184.72	461.80	923.60	9,236	3.82	4.67
6 to 6½ years.....	23.62	47.24	70.86	94.48	188.96	472.40	944.80	9,448	3.89	4.70
6½ to 7 years.....	24.17	48.34	72.51	96.68	193.36	483.40	966.80	9,668	3.94	4.72
7 to 7½ years.....	24.74	49.48	74.22	98.96	197.92	494.80	989.60	9,896	4.00	4.71
7½ years to 7 years and 9 months.....	25.32	50.64	75.96	101.28	202.56	506.40	1,012.80	10,128	4.05	4.77
MATURITY VALUE (7 years and 9 months from issue date).....	25.62	51.24	76.86	102.48	204.96	512.40	1,024.80	10,248	4.07	-----

For footnotes see Table 50.

TABLE 61

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1964, THROUGH MAY 1, 1965

Issue price..... Original maturity value.....	\$18.75	\$37.50	\$56.25	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Approximate invest- ment yield	
	25.00	50.00	75.00	100.00	200.00	500.00	1,000.00	10,000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)								(2) On pur- chase price from issue date to be- ginning of each half- year period ²	(3) On current re- demption value from beginning of each half- year period ³ to maturity
First ½ year.....	\$18.75	\$37.50	\$56.25	\$75.00	\$150.00	\$375.00	\$750.00	\$7,500	Percent	Percent
½ to 1 year.....	18.91	37.82	56.73	75.64	151.28	378.20	756.40	7,564	0.00	*3.75
1 to 1½ years.....	19.19	38.38	57.57	76.76	153.52	383.80	767.60	7,676	1.71	*3.89
									2.33	14.36
Redemption values and investment yields to maturity on basis of December 1, 1965, revision										
1½ to 2 years.....	\$19.52	\$39.04	\$58.56	\$78.08	\$156.16	\$390.40	\$780.80	\$7,808	2.70	4.43
2 to 2½ years.....	19.92	39.84	59.76	79.68	159.36	398.40	796.80	7,968	3.05	4.46
2½ to 3 years.....	20.31	40.62	60.93	81.24	162.48	406.20	812.40	8,124	3.22	4.51
3 to 3½ years.....	20.71	41.42	62.13	82.84	165.68	414.20	828.40	8,284	3.34	4.57
3½ to 4 years.....	21.15	42.30	63.45	84.60	169.20	423.00	846.00	8,460	3.47	4.61
4 to 4½ years.....	21.61	43.22	64.83	86.44	172.88	432.20	864.40	8,644	3.58	4.64
4½ to 5 years.....	22.11	44.22	66.33	88.44	176.88	442.20	884.40	8,844	3.70	4.65
5 to 5½ years.....	22.61	45.22	67.83	90.44	180.88	452.20	904.40	9,044	3.78	4.67
5½ to 6 years.....	23.13	46.26	69.39	92.52	185.04	462.60	925.20	9,252	3.85	4.68
6 to 6½ years.....	23.67	47.34	71.01	94.68	189.36	473.40	946.80	9,468	3.92	4.69
6½ to 7 years.....	24.22	48.44	72.66	96.88	193.76	484.40	968.80	9,688	3.98	4.71
7 to 7½ years.....	24.79	49.58	74.37	99.16	198.32	495.80	991.60	9,916	4.03	4.71
7½ years to 7 years and 9 months.....	25.37	50.74	76.11	101.48	202.96	507.40	1,014.80	10,148	4.07	4.76
MATURITY VALUE (7 years and 9 months from issue date).....	25.67	51.34	77.01	102.68	205.36	513.40	1,026.80	10,268	4.09	-----

For footnotes see Table 50.

TABLE 62

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1965

Issue price.....	\$18. 75	\$37. 50	\$56. 25	\$75. 00	\$150. 00	\$375. 00	\$750. 00	\$7, 500	Approximate investment yield	
Original maturity value.....	25. 00	50. 00	75. 00	100. 00	200. 00	500. 00	1, 000. 00	10, 000		
Period after issue date	(1) Redemption values during each half-year period ¹ (values increase on first day of period shown)								(2) On purchase price from issue date to beginning of each half-year period	(3) On current redemption value from beginning of each half-year period to maturity
First ½ year.....	\$18. 75	\$37. 50	\$56. 25	\$75. 00	\$150. 00	\$375. 00	\$750. 00	\$7, 500	Percent 0. 00	Percent *3. 75
½ to 1 year.....	18. 91	37. 82	56. 73	75. 64	151. 28	378. 20	756. 40	7, 564	1. 71	†4. 29
Redemption values and investment yields to maturity on basis of December 1, 1965, revision										
1 to 1½ years.....	\$19. 20	\$38. 40	\$57. 60	\$76. 80	\$153. 60	\$384. 00	\$768. 00	\$7, 680	2. 39	4. 38
1½ to 2 years.....	19. 53	39. 06	58. 59	78. 12	156. 24	390. 60	781. 20	7, 812	2. 74	4. 45
2 to 2½ years.....	19. 93	39. 86	59. 79	79. 72	159. 44	398. 60	797. 20	7, 972	3. 08	4. 49
2½ to 3 years.....	20. 32	40. 64	60. 96	81. 28	162. 56	406. 40	812. 80	8, 128	3. 24	4. 54
3 to 3½ years.....	20. 73	41. 46	62. 19	82. 92	165. 84	414. 60	829. 20	8, 292	3. 37	4. 59
3½ to 4 years.....	21. 17	42. 34	63. 51	84. 68	169. 36	423. 40	846. 80	8, 468	3. 50	4. 63
4 to 4½ years.....	21. 65	43. 30	64. 95	86. 60	173. 20	433. 00	866. 00	8, 660	3. 63	4. 65
4½ to 5 years.....	22. 14	44. 28	66. 42	88. 56	177. 12	442. 80	885. 60	8, 856	3. 73	4. 67
5 to 5½ years.....	22. 65	45. 30	67. 95	90. 60	181. 20	453. 00	906. 00	9, 060	3. 82	4. 68
5½ to 6 years.....	23. 18	46. 36	69. 54	92. 72	185. 44	463. 60	927. 20	9, 272	3. 89	4. 68
6 to 6½ years.....	23. 71	47. 42	71. 13	94. 84	189. 68	474. 20	948. 40	9, 484	3. 95	4. 70
6½ to 7 years.....	24. 26	48. 52	72. 78	97. 04	194. 08	485. 20	970. 40	9, 704	4. 00	4. 73
7 to 7½ years.....	24. 84	49. 68	74. 52	99. 36	198. 72	496. 80	993. 60	9, 936	4. 06	4. 70
7½ years to 7 years and 9 months.....	25. 42	50. 84	76. 26	101. 68	203. 36	508. 40	1, 016. 80	10, 168	4. 10	4. 75
MATURITY VALUE (7 years and 9 months from issue date).....	25. 72	51. 44	77. 16	102. 88	205. 76	514. 40	1, 028. 80	10, 288	4. 12	-----

For footnotes see Table 50.

Exhibit 7.—First amendment, May 3, 1966, to Department Circular No. 653, Seventh Revision, U.S. savings bonds, Series ETREASURY DEPARTMENT,
Washington, May 3, 1966.

Section 316.5(a) of Department Circular No. 653, Seventh Revision (31 CFR Part 316), dated March 18, 1966, is hereby revised and amended as follows:

Sec. 316.5. *Limitation on holdings.* * * *(a) *General limitation.* \$20,000 (face value) for the calendar year 1966 and each calendar year thereafter.JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.**Exhibit 8.—Fourth revision, April 7, 1966, of Department Circular No. 905, U.S. savings bonds, Series H**TREASURY DEPARTMENT,
Washington, April 7, 1966.

Department Circular No. 905, third revision, dated December 23, 1964, and the tables incorporated therein (31 CFR 332), are hereby further amended and reissued as the fourth revision.

AUTHORITY: Sections 332.1 to 332.14 issued under authority of sections 22 and 25 of the Second Liberty Bond Act, as amended, 49 Stat. 21; as amended, and 73 Stat. 621 (31 U.S.C. 757c-1).

Sec. 332.1. *Offering of bonds.*—The Secretary of the Treasury hereby offers for sale to the people of the United States, U.S. savings bonds of Series H, hereinafter generally referred to as Series H bonds. This offering of bonds will continue until terminated by the Secretary of the Treasury.Sec. 332.2. *Description of bonds.*—(a) *General.*—Series H bonds bear a facsimile of the signature of the Secretary of the Treasury and of the seal of the Treasury Department. They are issued only in registered form and are nontransferable.

(b) *Denominations and prices.*—Series H bonds are issued at par and are available in denominations of \$500, \$1,000, \$5,000, and \$10,000.

(c) *Inscription and issue.*—At the time of issue the issuing agent will (1) inscribe on the face of each Series H bond the name, taxpayer identifying number,¹ and address of the owner, and the name of the beneficiary, if any, or the name and address of the first-named coowner and the taxpayer identifying number¹ of one coowner, (2) enter in the upper right-hand portion of the bond the issue date, and (3) imprint the agent's dating stamp in the lower right-hand portion to show the date the bond is actually inscribed. A Series H bond shall be valid only if an authorized issuing agent receives payment therefor and duly inscribes, dates, stamps, and delivers it in accordance with the purchaser's instructions.

(d) *Term.*—A Series H bond will be dated as of the first day of the month in which payment therefor is received by an agent authorized to issue such bonds. This date is the issue date and the bond will mature and be payable 10 years from such issue date. The bond may not be called for redemption by the Secretary of the Treasury prior to maturity, but may be redeemed AT PAR after 6 months from issue date, at the owner's option, but only upon one calendar month's notice as provided in section 332.10.

(e) *Interest (investment yield).*—The interest on a Series H bond will be paid semiannually by check drawn to the order of the registered owner or coowners, beginning 6 months from issue date. Interest payments will be on a graduated scale, fixed to produce an investment yield of approximately 4.15 percent per annum compounded semiannually, if the bond is held to maturity;² but the yield will be less if the bond is redeemed prior to maturity. See table 1. Interest will cease at maturity or, in the case of redemption before maturity, at the end of the interest period next preceding the date of redemption, except that if the date of redemption falls on an interest payment date, interest will cease on that date.

(f) *Bonds with issue dates December 1, 1965, or thereafter.*—Series H bonds with issue dates of December 1, 1965, or thereafter, are deemed to be Series H bonds issued under the terms of this circular and the interest (investment yield) provided for in subsection (e), above, is applicable to such bonds. Series H bond stock on sale prior to December 1, 1965, will be used for issue under this circular until such time as new stock is printed and supplied to issuing agents. **SUCH BONDS HAVE THE NEW INTEREST RATE AS FULLY AS IF EXPRESSLY SET FORTH IN THE TEXT OF THE BONDS.** It will be unnecessary for owners to exchange bonds issued on the old stock for bonds on the new stock as the Treasury Department will issue interest checks for the bonds in the appropriate amounts as set forth in table 1. However, when the new stock becomes available, issuance on the new stock may be obtained by presentation for that purpose of bonds issued on the old stock to any Federal Reserve bank or branch, or to the Treasurer of the United States, Securities Division, Washington, D.C. 20220.

Sec. 332.3. *Governing regulations.*—Series H bonds are subject to the regulations of the Treasury Department, now or hereafter prescribed, governing U.S. savings bonds, contained in Department Circular No. 530, current revision (31 CFR 315).³

Sec. 332.4. *Registration.*—(a) *General.*—Generally, only residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, the Canal Zone and citizens of the United States temporarily residing abroad are eligible to be named as owners of Series H bonds. The bonds may be registered in the names of natural persons in their own right as provided in (b) of this section, and in the names and titles or capacities of fiduciaries and organizations as provided in (c) of this section. Full information regarding authorized forms of registration and restrictions with respect thereto will be found in the governing regulations.

(b) *Natural persons in their own right.*—The bonds may be registered in the names of natural persons (whether adults or minors) in their own right, in single ownership, coownership, and beneficiary forms.

(c) *Others.*—The bonds may be registered in single ownership form in the names of fiduciaries and private and public organizations, as follows:

¹ The number required to be used on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security account number or employer identification number). If the co-owners are husband and wife, the husband's number should be furnished. If the coowners are a minor and an adult, the adult's number should be furnished.

² Under authority of sec. 25, 73 Stat. 621 (31 U.S.C. 757e-1), the President of the United States on Feb. 16, 1966, concluded that with respect to Series H bonds it was necessary in the national interest to exceed the maximum interest rate and investment yield prescribed in sec. 22 of the Second Liberty Bond Act, as amended (31 U.S.C. 757c).

³ Copies may be obtained on application to any Federal Reserve bank or branch or the Bureau of the Public Debt, Washington, D.C. 20220, or its Chicago office, 536 South Clark St., Chicago, Ill. 60605.

(1) *Fiduciaries.*—In the names of and showing the titles or capacities of any persons or organizations, public or private, as fiduciaries (including trustees, legal guardians, or similar representatives, and certain custodians) but not where the fiduciary would hold the bonds merely or principally as security for the performance of a duty, obligation, or service.

(2) *Private and public organizations.*—In the names of private or public organizations (including private corporations, partnerships, and unincorporated associations, and States, counties, public corporations, and other public bodies), in their own right, but not in the names of commercial banks.¹

Sec. 332.5. *Limitations on holdings.*—The amount of Series H bonds originally issued during any one calendar year that may be held by any one person at any one time, computed in accordance with the governing regulations, is limited, as follows:

(a) *General limitation.*—\$20,000 (face value) for the calendar year 1962 and each calendar year thereafter.

(b) *Special limitation for owners of savings bonds of Series F, G, J, and K.*—Owners, except commercial banks¹ in their own right (as distinguished from a representative or fiduciary capacity), of outstanding bonds of Series F and G, all of which are now matured, and bonds of Series J and K, at or after maturity, may apply the proceeds of such bonds to the purchase of Series H bonds without regard to the general limitation on holdings, under the following restrictions and conditions:

(1) The bonds must be presented to a Federal Reserve bank or branch, the Office of the Treasurer of the United States, Securities Division, or the Bureau of the Public Debt, Division of Loans and Currency Branch, for the specific purpose of taking advantage of this privilege. The Series H bonds will be dated as of the first day of the month in which the bonds presented are received by the issuing agent.

(2) Series H bonds may be purchased with the proceeds of the bonds presented only up to the denominational amounts that the proceeds thereof will fully cover. Any difference between such proceeds and the purchase price of the Series H bonds will be paid to the owner.

(3) The Series H bonds will be registered in the name of the owner in any authorized form of registration subject to the restrictions prescribed by the governing regulations.

(4) This privilege will continue until terminated by the Secretary of the Treasury.

(c) *Exchanges pursuant to Department Circular No. 1036, as amended.*—Series H bonds issued in exchange for bonds of Series E or Series J under the provisions of Department Circular No. 1036, as amended (31 CFR 339), are exempt from the annual limitation.

Sec. 332.6. *Purchase of bonds.*—(a) *Agents.*—Only the Federal Reserve banks and branches and the Treasury Department are authorized to act as official issuing agents for the sale of Series H bonds. However, commercial banks and trust companies may forward applications for purchase of the bonds. The date of receipt of the application and payment to an issuing agent will govern the issue date of the bonds purchased.

(b) *Application for purchase and remittance.*—The applicant for purchase of Series H bonds should furnish (1) instructions for registration of the bonds to be issued, which must be in authorized form, (2) the appropriate taxpayer identifying numbers,² (3) the post office address of the owner or first-named coowner, and (4) the address for delivery of the bonds and for mailing checks in payment of interest, if other than that of the owner or first-named coowner. The application should be forwarded to a Federal Reserve bank or branch or the Office of the Treasurer of the United States, Securities Division, Washington, D.C. 20220, accompanied by a remittance to cover the purchase price. Any form of exchange including personal checks will be accepted subject to collection. Checks or other forms of exchange should be drawn to the order of the Federal Reserve bank or Treasurer of the United States, as the case may be. Checks payable by endorsement are not acceptable. Any depository qualified pursuant to Treasury Department Circular No. 92, current revision (31 CFR 203), will be permitted to make

¹ Commercial banks, as defined in sec. 315.7(c)(1), Department Circular No. 530, current revision, for this purpose are those accepting demand deposits.

² The number required to be used on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security account number or employer identification number). If the coowners are husband and wife, the husband's number should be furnished. If the coowners are a minor and an adult, the adult's number should be furnished.

payment by credit for bonds applied for on behalf of its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve bank of its district.

Sec. 332.7. *Delivery of bonds.*—Authorized issuing agents will deliver the Series H bonds either in person, or by mail at the risk and expense of the United States, at the address given by the purchaser, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. No mail deliveries elsewhere will be made. If purchased by citizens of the United States temporarily residing abroad, the bonds will be delivered at such address in the United States as the purchaser directs.

Sec. 332.8. *Extended term and improved yields for outstanding bonds.*—(a) *Extended maturity period for bonds with issue dates June 1, 1952, through January 1, 1957.*—Owners of Series H bonds with issue dates of June 1, 1952, through January 1, 1957, have the option of retaining their bonds for an extended maturity period of 10 years.¹

(b) *Improved yields.*²—(1) *Bonds with issue dates June 1, 1952, through March 1, 1956.*²—The investment yield on outstanding Series H bonds with issue dates of June 1, 1952, through March 1, 1956, is hereby increased by four-tenths of 1 percent per annum for the *remaining period to the extended maturity date*, but the increase in yield will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest period starting on or after December 1, 1965.

(2) *Bonds with issue dates April 1, 1956, through January 1, 1957.*²—The investment yield on outstanding Series H bonds with issue dates of April 1, 1956, through January 1, 1957, is hereby increased by four-tenths of 1 percent per annum for any *remaining period to the maturity date*, but the increase in yield will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest period of 6 months starting on or after December 1, 1965. The investment yield for the *extended maturity period* will be approximately 4.15 percent per annum for each half-year period.

(3) *Bonds with issue dates February 1, 1957, through November 1, 1965.*³—The investment yield on outstanding Series H bonds with issue dates of February 1, 1957, through November 1, 1965, is hereby increased by four-tenths of 1 percent per annum for the *remaining period to the maturity date*, but the increase in yield will be less if the bonds are redeemed earlier. The increase, on a graduated basis, will begin with the first interest period starting on or after December 1, 1965.

Sec. 332.9. *Taxation.*—The income derived from Series H bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, by any of the possessions of the United States, or by any local taxing authority.

Sec. 332.10. *Payment or redemption.*—(a) *Prior to maturity.*—Prior to maturity a Series H bond will be redeemed AT PAR, in whole or in part, in the amount of an authorized denomination or multiple thereof, at the option of the owner, after 6 months from the issue date upon 1 calendar month's notice to (1) a Federal Reserve bank or branch, (2) the Office of the Treasurer of the United States, Securities Division, Washington, D.C. 20220, or (3) the Bureau of the Public Debt, Division of Loans and Currency Branch, 536 South Clark Street, Chicago, Ill. 60605. Such notice may be given separately, in writing, or by presenting and surrendering the bond with a duly executed request for payment. If notice

¹ Maturities and summary of investment yields to maturity and extended maturity dates under regulations heretofore prescribed for Series H bonds with issue dates prior to Dec. 1, 1965:

Bonds with issue dates June 1, 1952, through Jan. 1, 1957:

9-yr. 8-mo. maturity; 3.00 percent per annum compounded semiannually.

Increased five-tenths of 1 percent per annum for remaining period to maturity date, beginning with interest checks due Dec. 1, 1959.

Extended maturity period (10 years), approximately 3.75 percent per annum for each half-year period.

Bonds with issue dates Feb. 1, 1957, through May 1, 1959:

10-yr. maturity; 3.25 percent per annum compounded semiannually.

Increased five-tenths of 1 percent per annum for remaining period to maturity date, beginning with interest checks due Dec. 1, 1959.

Bonds with issue dates June 1, 1959, through Nov. 1, 1965:

10-yr. maturity; 3.75 percent per annum compounded semiannually.

² Under authority of sec. 25, 73 Stat. 621 (31 U.S.C. 757c-1), the President of the United States on Feb. 16, 1966, concluded that with respect to Series H bonds it was necessary in the national interest to exceed the maximum interest rate and investment yield prescribed in sec. 22 of the Second Liberty Bond Act, as amended (31 U.S.C. 757c).

³ The tables incorporated herein, arranged according to issue dates, show the current schedules of interest payments and investment yields.

is given separately, the bond must be presented with a duly executed request for payment to the same agent not less than 20 days before the redemption date fixed by the notice. Payment will be made as of the first day of the first month following by at least 1 full calendar month the date of the receipt of notice.

(b) *At maturity.*—Upon maturity a Series H bond will be redeemed at par upon presentation of the bond with a duly executed request for payment to one of the agents designated in (a) of this section. Any Series H bond having an extended maturity period will be redeemed at par upon original maturity and for 2 calendar months following the month in which the bond originally matures without advance notice.¹

(c) *During extended maturity period.*—A Series H bond having an extended maturity period will, beginning with the first day of the third calendar month following the calendar month in which the bond originally matures, be regarded as unmatured until it reaches its final maturity date and may be redeemed in the same manner and subject to the same notice for redemption as provided in (a) of this section.

Sec. 332.11. *Reservation as to issue of bonds.*—The Secretary of the Treasury reserves the right to reject any application for Series H bonds, in whole or in part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

Sec. 332.12. *Preservation of rights.*—Nothing contained herein shall limit or restrict rights which owners of Series H bonds heretofore issued have acquired under offers previously in force.

Sec. 332.13. *Fiscal agents.*—Federal Reserve banks and branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption and payment of Series H bonds.

Sec. 332.14. *Reservation as to terms of offer.*—The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds (31 CFR 332), or of any amendments or supplements thereto.

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.

¹ For example, if a bond is dated June 1, 1956, the date of original maturity is Feb. 1, 1966. The date on which the right to payment without advance notice will be suspended is May 1, 1966.

TABLES OF CHECKS AND INVESTMENT YIELDS FOR U.S. SAVINGS BONDS OF SERIES H

Each table shows: (1) The amounts of interest check payments during the current maturity period and during any authorized subsequent maturity period, on bonds bearing issue dates covered by the table; (2) the approximate investment yield on the face value from the beginning of the current maturity period to each subsequent interest payment date; and (3) the approximate investment yield on the face value from each interest payment date to next maturity. Yields are expressed in terms of rate percent per annum, compounded semiannually.

TABLE 1

BONDS BEARING ISSUE DATES BEGINNING DECEMBER 1, 1965

Face value	Maturity value..... Redemption value ¹ Issue price.....	\$500 500 500	\$1,000 1,000 1,000	\$5,000 5,000 5,000	\$10,000 10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date		(1) Amount of interest check for each denomination				(2) From issue date to each interest payment date	(3) From each interest payment date to maturity*
						Percent	Percent
¼ year.....		\$5.50	\$11.00	\$55.00	\$110.00	2.20	4.27
1 year.....		9.70	19.40	97.00	194.00	3.03	4.30
1½ years.....		10.75	21.50	107.50	215.00	3.45	4.30
2 years.....		10.75	21.50	107.50	215.00	3.65	4.30
2½ years.....		10.75	21.50	107.50	215.00	3.78	4.30
3 years.....		10.75	21.50	107.50	215.00	3.86	4.30
3½ years.....		10.75	21.50	107.50	215.00	3.92	4.30
4 years.....		10.75	21.50	107.50	215.00	3.96	4.30
4½ years.....		10.75	21.50	107.50	215.00	4.00	4.30
5 years.....		10.75	21.50	107.50	215.00	4.03	4.30
5½ years.....		10.75	21.50	107.50	215.00	4.05	4.30
6 years.....		10.75	21.50	107.50	215.00	4.07	4.30
6½ years.....		10.75	21.50	107.50	215.00	4.08	4.30
7 years.....		10.75	21.50	107.50	215.00	4.10	4.30
7½ years.....		10.75	21.50	107.50	215.00	4.11	4.30
8 years.....		10.75	21.50	107.50	215.00	4.12	4.30
8½ years.....		10.75	21.50	107.50	215.00	4.13	4.30
9 years.....		10.75	21.50	107.50	215.00	4.13	4.30
9½ years.....		10.75	21.50	107.50	215.00	4.14	4.30
10 years (maturity).....		10.75	21.50	107.50	215.00	4.15	-----

*Approximate investment yield for entire period from issuance to maturity is 4.15 percent per annum.

¹At all times, except that bond is not redeemable during first 6 months.

TABLE 2

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH SEPTEMBER 1, 1952

Face value	Issue price..... Redemption and maturity value.....	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after maturity date		(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date ¹	(3) From each interest payment date to extended maturity ¹
		EXTENDED MATURITY PERIOD ¹				Percent	Percent
¼ year.....		\$9.37	\$18.75	\$93.75	\$187.50	3.75	*3.75
1 year.....		9.37	18.75	93.75	187.50	3.75	*3.75
1½ years.....		9.37	18.75	93.75	187.50	3.75	*3.75
2 years.....		9.37	18.75	93.75	187.50	3.76	*3.75
2½ years.....		9.37	18.75	93.75	187.50	3.75	*3.75
3 years.....		9.37	18.75	93.75	187.50	3.75	*3.75
3½ years.....		9.37	18.75	93.75	187.50	3.75	*3.75
4 years.....		9.37	18.75	93.75	187.50	3.75	**4.15

Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1965 revision

4½ years.....	9.55	19.10	95.50	191.00	3.76	4.19
5 years.....	9.55	19.10	95.50	191.00	3.76	4.23
5½ years.....	9.55	19.10	95.50	191.00	3.77	4.23
6 years.....	10.15	20.30	101.50	203.00	3.79	4.31
6½ years.....	10.15	20.30	101.50	203.00	3.81	4.34
7 years.....	10.15	20.30	101.50	203.00	3.82	4.39
7½ years.....	10.60	21.20	106.00	212.00	3.85	4.42
8 years.....	10.60	21.20	106.00	212.00	3.87	4.48
8½ years.....	10.60	21.20	106.00	212.00	3.89	4.56
9 years.....	11.40	22.80	114.00	228.00	3.92	4.56
9½ years.....	11.40	22.80	114.00	228.00	3.95	4.56
10 years (extended maturity) ²	11.40	22.80	114.00	228.00	\$3.97	-----

¹Calculated on the basis of \$1,000 bond.

²3.75 percent yield from the beginning of each half year period of the 10 year extension on the basis of the original schedule of interest checks, prior to the December 1, 1965 revision.

³Yield from effective date of the December 1, 1965 revision to extended maturity date.

⁴Yield from issue date to extended maturity date is 3.48 percent.

⁵For interest checks and investment yields during the original maturity period see Department Circular No. 905, Second Revision dated September 23, 1959.

⁶10 years and 8 months after issue date.

TABLE 3

BONDS BEARING ISSUE DATES FROM OCTOBER 1, 1952 THROUGH MARCH 1, 1953

Face value	Issue price Redemption and maturity value	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after maturity date		(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date	(3) From each interest payment date to extended maturity*
		EXTENDED MATURITY PERIOD				Percent	Percent
½ year		\$9.37	\$18.75	\$93.75	\$187.50	3.75	*3.75
1 year		9.37	18.75	93.75	187.50	3.75	*3.75
1½ years		9.37	18.75	93.75	187.50	3.75	*3.75
2 years		9.37	18.75	93.75	187.50	3.75	*3.75
2½ years		9.37	18.75	93.75	187.50	3.75	*3.75
3 years		9.37	18.75	93.75	187.50	3.75	*3.75
3½ years		9.37	18.75	93.75	187.50	3.75	**4.15

Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1955 revision

4 years	9.55	19.10	95.50	191.00	3.76	4.18
4½ years	9.55	19.10	95.50	191.00	3.76	4.22
5 years	9.55	19.10	95.50	191.00	3.77	4.26
5½ years	10.05	20.10	100.50	201.00	3.79	4.29
6 years	10.05	20.10	100.50	201.00	3.81	4.33
6½ years	10.05	20.10	100.50	201.00	3.82	4.38
7 years	10.60	21.20	106.00	212.00	3.85	4.40
7½ years	10.60	21.20	106.00	212.00	3.87	4.44
8 years	10.60	21.20	106.00	212.00	3.89	4.49
8½ years	10.60	21.20	106.00	212.00	3.91	4.58
9 years	11.45	22.90	114.50	229.00	3.94	4.58
9½ years	11.45	22.90	114.50	229.00	3.97	4.58
10 years (extended maturity)*	11.45	22.90	114.50	229.00	\$3.99	

*Yield from issue date to extended maturity date on bonds dated: October 1 and November 1, 1952 is 3.49 percent; December 1, 1952 through March 1, 1953 is 3.60 percent.

For all other footnotes see table 2.

TABLE 4

BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH SEPTEMBER 1, 1953

Face value	Issue price Redemption and maturity value	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after maturity date		(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date	(3) From each interest payment date to extended maturity*
		EXTENDED MATURITY PERIOD				Percent	Percent
½ year		\$9.37	\$18.75	\$93.75	\$187.50	3.75	*3.75
1 year		9.37	18.75	93.75	187.50	3.75	*3.75
1½ years		9.37	18.75	93.75	187.50	3.75	*3.75
2 years		9.37	18.75	93.75	187.50	3.75	*3.75
2½ years		9.37	18.75	93.75	187.50	3.75	*3.75
3 years		9.37	18.75	93.75	187.50	3.75	**4.15

Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1955 revision

3½ years	9.55	19.10	95.50	191.00	3.76	4.18
4 years	9.55	19.10	95.50	191.00	3.77	4.21
4½ years	9.55	19.10	95.50	191.00	3.77	4.26
5 years	10.00	20.00	100.00	200.00	3.79	4.28
5½ years	10.00	20.00	100.00	200.00	3.81	4.32
6 years	10.00	20.00	100.00	200.00	3.82	4.36
6½ years	10.50	21.00	105.00	210.00	3.85	4.39
7 years	10.50	21.00	105.00	210.00	3.87	4.42
7½ years	10.50	21.00	105.00	210.00	3.89	4.47
8 years	10.50	21.00	105.00	210.00	3.91	4.54
8½ years	11.35	22.70	113.50	227.00	3.94	4.54
9 years	11.35	22.70	113.50	227.00	3.97	4.54
9½ years	11.35	22.70	113.50	227.00	3.99	4.54
10 years (extended maturity)*	11.35	22.70	113.50	227.00	\$4.01	

*Yield from issue date to extended maturity date on bonds dated: April 1 and May 1, 1953 is 3.51 percent; June 1 through September 1, 1953 is 3.52 percent.

For all other footnotes see table 2.

TABLE 5

BONDS BEARING ISSUE DATES FROM OCTOBER 1, 1953 THROUGH MARCH 1, 1954

Face value { Issue price Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value†	
Period of time bond is held after maturity date	(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date †	(3) From each interest payment date to extended maturity* †
	EXTENDED MATURITY PERIOD †				Percent	Percent
½ year.....	\$9.37	\$18.75	\$93.75	\$187.50	3.75	3.75
1 year.....	9.37	18.75	93.75	187.50	3.75	*3.75
1½ years.....	9.37	18.75	93.75	187.50	3.75	*3.75
2 years.....	9.37	18.75	93.75	187.50	3.75	*3.75
2½ years.....	9.37	18.75	93.75	187.50	3.75	**4.15

Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1953 revision

3 years.....	9.55	19.10	95.50	191.00	3.76	4.18
3½ years.....	9.55	19.10	95.50	191.00	3.77	4.21
4 years.....	9.55	19.10	95.50	191.00	3.78	4.25
4½ years.....	9.95	19.90	99.50	199.00	3.80	4.27
5 years.....	9.95	19.90	99.50	199.00	3.81	4.31
5½ years.....	9.95	19.90	99.50	199.00	3.83	4.35
6 years.....	10.45	20.90	104.50	209.00	3.85	4.37
6½ years.....	10.45	20.90	104.50	209.00	3.88	4.40
7 years.....	10.45	20.90	104.50	209.00	3.89	4.44
7½ years.....	10.45	20.90	104.50	209.00	3.91	4.50
8 years.....	10.45	20.90	104.50	209.00	3.93	4.58
8½ years.....	11.45	22.90	114.50	229.00	3.96	4.58
9 years.....	11.45	22.90	114.50	229.00	3.99	4.58
9½ years.....	11.45	22.90	114.50	229.00	4.01	4.58
10 years (extended maturity) ‡	11.45	22.90	114.50	229.00	\$4.04	-----

†Yield from issue date to extended maturity date on bonds dated: October 1 and November 1, 1953 is 3.53 percent; December 1, 1953 through March 1, 1954 is 3.55 percent.

For all other footnotes see table 2.

TABLE 6

BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH SEPTEMBER 1, 1954

Face value { Issue price Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value†	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date †	(3) From each interest payment date to extended maturity* †
	EXTENDED MATURITY PERIOD †				Percent	Percent
½ year.....	\$9.37	\$18.75	\$93.75	\$187.50	3.75	*3.75
1 year.....	9.37	18.75	93.75	187.50	3.75	*3.75
1½ years.....	9.37	18.75	93.75	187.50	3.75	*3.75
2 years.....	9.37	18.75	93.75	187.50	3.75	**4.15

Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1953 revision

2½ years.....	9.55	19.10	95.50	191.00	3.76	4.18
3 years.....	9.55	19.10	95.50	191.00	3.77	4.20
3½ years.....	9.55	19.10	95.50	191.00	3.78	4.24
4 years.....	9.55	19.10	95.50	191.00	3.78	4.28
4½ years.....	10.15	20.30	101.50	203.00	3.81	4.30
5 years.....	10.15	20.30	101.50	203.00	3.83	4.33
5½ years.....	10.15	20.30	101.50	203.00	3.85	4.36
6 years.....	10.15	20.30	101.50	203.00	3.87	4.40
6½ years.....	10.60	21.20	106.00	212.00	3.89	4.43
7 years.....	10.60	21.20	106.00	212.00	3.92	4.46
7½ years.....	10.60	21.20	106.00	212.00	3.93	4.51
8 years.....	10.60	21.20	106.00	212.00	3.95	4.58
8½ years.....	11.45	22.90	114.50	229.00	3.98	4.58
9 years.....	11.45	22.90	114.50	229.00	4.01	4.58
9½ years.....	11.45	22.90	114.50	229.00	4.03	4.58
10 years (extended maturity) ‡	11.45	22.90	114.50	229.00	\$4.06	-----

†Yield from issue date to extended maturity date on bonds dated: April 1 and May 1, 1954 is 3.55 percent; June 1 through September 1, 1954 is 3.57 percent.

For all other footnotes see table 2.

TABLE 7

BONDS BEARING ISSUE DATES FROM OCTOBER 1, 1954 THROUGH MARCH 1, 1955

Face value { Issue price..... Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value ¹	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date ¹	(3) From each interest payment date to extended maturity* ¹
	EXTENDED MATURITY PERIOD ¹				Percent	Percent
¼ year.....	\$9.37	\$18.75	\$93.75	\$187.50	3.75	*3.75
1 year.....	9.37	18.75	93.75	187.50	3.75	*3.75
1½ years.....	9.37	18.75	93.75	187.50	3.75	**4.15

Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1955 revision

2 years.....	9.55	19.10	95.50	191.00	3.77	4.17
2½ years.....	9.55	19.10	95.50	191.00	3.78	4.20
3 years.....	9.55	19.10	95.50	191.00	3.78	4.23
3½ years.....	9.55	19.10	95.50	191.00	3.79	4.27
4 years.....	10.10	20.20	101.00	202.00	3.82	4.29
4½ years.....	10.10	20.20	101.00	202.00	3.84	4.32
5 years.....	10.10	20.20	101.00	202.00	3.86	4.35
5½ years.....	10.10	20.20	101.00	202.00	3.87	4.39
6 years.....	10.55	21.10	105.50	211.00	3.90	4.41
6½ years.....	10.55	21.10	105.50	211.00	3.92	4.44
7 years.....	10.55	21.10	105.50	211.00	3.94	4.48
7½ years.....	10.55	21.10	105.50	211.00	3.96	4.54
8 years.....	10.55	21.10	105.50	211.00	3.97	4.62
8½ years.....	11.55	23.10	115.50	231.00	4.00	4.62
9 years.....	11.55	23.10	115.50	231.00	4.03	4.62
9½ years.....	11.55	23.10	115.50	231.00	4.06	4.62
10 years (extended maturity) ²	11.55	23.10	115.50	231.00	\$4.08	-----

¹Yield from issue date to extended maturity date on bonds dated: October 1 and November 1, 1954 is 3.58 percent; December 1, 1954 through March 1, 1955 is 3.59 percent.

For all other footnotes see table 2.

TABLE 8

BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH SEPTEMBER 1, 1955

Face value { Issue price..... Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value ¹	
Period of time bond is held after maturity date	(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date ¹	(3) From each interest payment date to extended maturity* ¹
	EXTENDED MATURITY PERIOD ¹				Percent	Percent
¼ year.....	\$9.37	\$18.75	\$93.75	\$187.50	3.75	*3.75
1 year.....	9.37	18.75	93.75	187.50	3.75	**4.15

Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1955 revision

1½ years.....	9.55	19.10	95.50	191.00	3.77	4.18
2 years.....	9.55	19.10	95.50	191.00	3.78	4.20
2½ years.....	9.55	19.10	95.50	191.00	3.79	4.23
3 years.....	9.55	19.10	95.50	191.00	3.80	4.27
3½ years.....	10.05	20.10	100.50	201.00	3.83	4.29
4 years.....	10.05	20.10	100.50	201.00	3.85	4.31
4½ years.....	10.05	20.10	100.50	201.00	3.87	4.34
5 years.....	10.05	20.10	100.50	201.00	3.88	4.38
5½ years.....	10.05	20.10	100.50	201.00	3.89	4.42
6 years.....	10.70	21.40	107.00	214.00	3.92	4.44
6½ years.....	10.70	21.40	107.00	214.00	3.95	4.47
7 years.....	10.70	21.40	107.00	214.00	3.97	4.50
7½ years.....	10.70	21.40	107.00	214.00	3.98	4.55
8 years.....	10.70	21.40	107.00	214.00	4.00	4.62
8½ years.....	11.55	23.10	115.50	231.00	4.03	4.62
9 years.....	11.55	23.10	115.50	231.00	4.06	4.62
9½ years.....	11.55	23.10	115.50	231.00	4.08	4.62
10 years (extended maturity) ²	11.55	23.10	115.50	231.00	\$4.10	-----

¹Yield from issue date to extended maturity date on bonds dated: April 1 and May 1, 1955 is 3.60 percent; June 1 through September 1, 1955 is 3.62 percent.

For all other footnotes see table 2.

TABLE 9

BONDS BEARING ISSUE DATES FROM OCTOBER 1, 1955 THROUGH MARCH 1, 1956

Face value (Issue price..... Redemption and maturity value.....)	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value†	
Period of time bond is held after maturity date	(1) Amounts of interest checks for each denomination				(2) From begin- ning of extended maturity period to each interest payment date †	(3) From each interest payment date to extended maturity* †
	EXTENDED MATURITY PERIOD †				Percent	Percent
½ year.....	\$9.37	\$18.75	\$93.75	\$187.50	3.75	**4.15
Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1955 revision						
1 year.....	9.55	19.10	95.50	191.00	3.78	4.17
1½ years.....	9.55	19.10	95.50	191.00	3.80	4.20
2 years.....	9.55	19.10	95.50	191.00	3.80	4.23
2½ years.....	9.55	19.10	95.50	191.00	3.81	4.26
3 years.....	10.00	20.00	100.00	200.00	3.84	4.28
3½ years.....	10.00	20.00	100.00	200.00	3.86	4.31
4 years.....	10.00	20.00	100.00	200.00	3.87	4.34
4½ years.....	10.00	20.00	100.00	200.00	3.89	4.37
5 years.....	10.00	20.00	100.00	200.00	3.90	4.41
5½ years.....	10.65	21.30	106.50	213.00	3.93	4.43
6 years.....	10.65	21.30	106.50	213.00	3.95	4.45
6½ years.....	10.65	21.30	106.50	213.00	3.97	4.48
7 years.....	10.65	21.30	106.50	213.00	3.99	4.52
7½ years.....	10.65	21.30	106.50	213.00	4.01	4.55
8 years.....	11.45	22.90	114.50	229.00	4.04	4.58
8½ years.....	11.45	22.90	114.50	229.00	4.06	4.58
9 years.....	11.45	22.90	114.50	229.00	4.09	4.58
9½ years.....	11.45	22.90	114.50	229.00	4.11	4.58
10 years (extended maturity)².....	11.45	22.90	114.50	229.00	\$4.13	-----

†Yield from issue date to extended maturity date on bonds dated: October 1 and November 1, 1955 is 3.63 percent; December 1, 1955 through March 1, 1956 is 3.64 percent.

For all other footnotes see table 2.

TABLE 10

BONDS BEARING ISSUE DATES FROM APRIL 1 THROUGH MAY 1, 1956.

Face value	Issue price, Redemption and maturity value	\$500	\$1,000	\$5,000	\$10,000	Approximate investment yield on face value	
		500	1,000	5,000	10,000	(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date (a) to maturity*
Period of time bond is held after issue date		(1) Amounts of interest checks for each denomination					
						Percent	Percent
¼ year		\$2.00	\$4.00	\$20.00	\$40.00	0.80	*3.13
1 year		6.25	12.50	62.50	125.00	1.65	*3.18
1½ years		6.25	12.50	62.50	125.00	1.93	*3.22
2 years		6.25	12.50	62.50	125.00	2.07	*3.27
2½ years		6.25	12.50	62.50	125.00	2.15	*3.34
3 years		6.25	12.50	62.50	125.00	2.21	*3.41
3½ years		6.25	12.50	62.50	125.00	2.25	*3.99
4 years		6.50	13.00	65.00	130.00	2.29	*4.13
4½ years		8.75	17.50	87.50	175.00	2.42	*4.20
5 years		8.75	17.50	87.50	175.00	2.52	*4.28
5½ years		8.75	17.50	87.50	175.00	2.60	*4.38
6 years		9.80	19.60	98.00	196.00	2.70	*4.45
6½ years		9.80	19.60	98.00	196.00	2.79	*4.54
7 years		9.80	19.60	98.00	196.00	2.86	*4.66
7½ years		9.80	19.60	98.00	196.00	2.92	*4.85
8 years		10.55	21.10	105.50	211.00	3.00	*5.04
8½ years		10.55	21.10	105.50	211.00	3.06	*5.41
9 years		10.55	21.10	105.50	211.00	3.11	*6.33
9½ years		10.55	21.10	105.50	211.00	3.16	*12.93
9 years and 8 months (maturity)		10.55	21.10	105.50	211.00	3.30	
Period of time bond is held after maturity date		EXTENDED MATURITY PERIOD				(b) To extended maturity**	
Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1965 revision							
¼ year		10.37	20.75	103.75	207.50	3.33	4.15
1 year		10.37	20.75	103.75	207.50	3.37	4.15
1½ years		10.37	20.75	103.75	207.50	3.39	4.15
2 years		10.37	20.75	103.75	207.50	3.42	4.15
2½ years		10.37	20.75	103.75	207.50	3.44	4.15
3 years		10.37	20.75	103.75	207.50	3.47	4.15
3½ years		10.37	20.75	103.75	207.50	3.49	4.15
4 years		10.37	20.75	103.75	207.50	3.50	4.15
4½ years		10.37	20.75	103.75	207.50	3.52	4.15
5 years		10.38	20.75	103.75	207.50	3.54	4.15
5½ years		10.38	20.75	103.75	207.50	3.55	4.15
6 years		10.38	20.75	103.75	207.50	3.57	4.15
6½ years		10.38	20.75	103.75	207.50	3.58	4.15
7 years		10.38	20.75	103.75	207.50	3.59	4.15
7½ years		10.38	20.75	103.75	207.50	3.60	4.15
8 years		10.38	20.75	103.75	207.50	3.61	4.15
8½ years		10.38	20.75	103.75	207.50	3.62	4.15
9 years		10.38	20.75	103.75	207.50	3.63	4.15
9½ years		10.38	20.75	103.75	207.50	3.64	4.15
10 years (extended maturity) *		10.38	20.75	103.75	207.50	3.65	

† Calculated on the basis of \$1,000 bond.

* Yield, on the basis of the original schedule of interest checks before the June 1, 1959 revision: (1) 3.00 percent per annum for entire period from issuance to first maturity; (2) as shown for any period from each interest payment date to first maturity.

† Starting with the effective date of the June 1, 1959 revision yields, from each interest payment date to first maturity.

** 4.15 percent per annum yield for the full 10 year extension period.

† At all times, except that bond was not redeemable during first 6 months.

‡ 10 years and 8 months from issue date.

TABLE 11

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1956

Face value (Issue price- Redemption ¹ and maturity value.)	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value ²	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date (a) to maturity ³
					Percent	Percent
¼ year.....	\$2.00	\$4.00	\$20.00	\$40.00	0.80	*3.13
1 year.....	6.25	12.50	62.50	125.00	1.65	*3.18
1½ years.....	6.25	12.50	62.50	125.00	1.93	*3.22
2 years.....	6.25	12.50	62.50	125.00	2.07	*3.27
2½ years.....	6.25	12.50	62.50	125.00	2.15	*3.34
3 years.....	6.25	12.50	62.50	125.00	2.21	*3.91
3½ years.....	6.50	13.00	65.00	130.00	2.26	14.03
4 years.....	6.50	13.00	65.00	130.00	2.30	14.17
4½ years.....	8.75	17.50	87.50	175.00	2.43	14.24
5 years.....	8.75	17.50	87.50	175.00	2.53	14.33
5½ years.....	9.75	19.50	97.50	195.00	2.65	14.38
6 years.....	9.75	19.50	97.50	195.00	2.74	14.45
6½ years.....	9.75	19.50	97.50	195.00	2.82	14.55
7 years.....	9.75	19.50	97.50	195.00	2.89	14.68
7½ years.....	9.75	19.50	97.50	195.00	2.95	14.87
8 years.....	10.60	21.20	106.00	212.00	3.02	15.07
8½ years.....	10.60	21.20	106.00	212.00	3.08	15.44
9 years.....	10.60	21.20	106.00	212.00	3.14	16.36
9½ years.....	10.60	21.20	106.00	212.00	3.19	112.99
9 years and 8 months (maturity)	10.60	21.20	106.00	212.00	3.33	-----
Period of time bond is held after maturity date	EXTENDED MATURITY PERIOD					(b) to extended maturity**
Amounts of interest checks and investment yields to extended maturity on basis of December 1, 1965 revision						
¼ year.....	10.37	20.75	103.75	207.50	3.36	4.15
1 year.....	10.37	20.75	103.75	207.50	3.39	4.15
1½ years.....	10.37	20.75	103.75	207.50	3.42	4.15
2 years.....	10.37	20.75	103.75	207.50	3.44	4.15
2½ years.....	10.37	20.75	103.75	207.50	3.47	4.15
3 years.....	10.37	20.75	103.75	207.50	3.49	4.15
3½ years.....	10.37	20.75	103.75	207.50	3.51	4.15
4 years.....	10.37	20.75	103.75	207.50	3.52	4.15
4½ years.....	10.37	20.75	103.75	207.50	3.54	4.15
5 years.....	10.38	20.75	103.75	207.50	3.56	4.15
5½ years.....	10.38	20.75	103.75	207.50	3.57	4.15
6 years.....	10.38	20.75	103.75	207.50	3.58	4.15
6½ years.....	10.38	20.75	103.75	207.50	3.60	4.15
7 years.....	10.38	20.75	103.75	207.50	3.61	4.15
7½ years.....	10.38	20.75	103.75	207.50	3.62	4.15
8 years.....	10.38	20.75	103.75	207.50	3.63	4.15
8½ years.....	10.38	20.75	103.75	207.50	3.64	4.15
9 years.....	10.38	20.75	103.75	207.50	3.65	4.15
9½ years.....	10.38	20.75	103.75	207.50	3.66	4.15
10 years (extended maturity) ²	10.38	20.75	103.75	207.50	3.67	-----

For footnotes see table 10.

TABLE 12

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1956 THROUGH JANUARY 1, 1957

Face value	Issue price Redemption ¹ and maturity value	\$500	\$1,000	\$5,000	\$10,000	Approximate investment yield on face value	
		500	1,000	5,000	10,000	(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date (a) to maturity*
Period of time bond is held after issue date		(1) Amounts of interest checks for each denomination				Percent	Percent
¾ year.....		\$2.00	\$4.00	\$20.00	\$40.00	0.80	*3.13
1 year.....		6.25	12.50	62.50	125.00	1.65	*3.18
1½ years.....		6.25	12.50	62.50	125.00	1.93	*3.22
2 years.....		6.25	12.50	62.50	125.00	2.07	*3.27
2½ years.....		6.25	12.50	62.50	125.00	2.15	*3.84
3 years.....		6.50	13.00	65.00	130.00	2.22	*3.95
3½ years.....		6.50	13.00	65.00	130.00	2.28	*4.07
4 years.....		6.50	13.00	65.00	130.00	2.32	*4.21
4½ years.....		8.75	17.50	87.50	175.00	2.44	*4.29
5 years.....		8.75	17.50	87.50	175.00	2.54	*4.38
5½ years.....		10.00	20.00	100.00	200.00	2.66	*4.43
6 years.....		10.00	20.00	100.00	200.00	2.77	*4.50
6½ years.....		10.00	20.00	100.00	200.00	2.85	*4.58
7 years.....		10.00	20.00	100.00	200.00	2.92	*4.70
7½ years.....		10.00	20.00	100.00	200.00	2.99	*4.87
8 years.....		10.60	21.20	106.00	212.00	3.06	*5.07
8½ years.....		10.60	21.20	106.00	212.00	3.12	*5.44
9 years.....		10.60	21.20	106.00	212.00	3.17	*6.76
Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision							
9½ years.....		11.25	22.50	112.50	225.00	3.23	13.87
9 years and 8 months (maturity).....		11.30	22.60	113.00	226.00	3.39	
Period of time bond is held after maturity date		EXTENDED MATURITY PERIOD					(b) To extended maturity**
¾ year.....		10.37	20.75	103.75	207.50	3.41	4.15
1 year.....		10.37	20.75	103.75	207.50	3.44	4.15
1½ years.....		10.37	20.75	103.75	207.50	3.46	4.15
2 years.....		10.37	20.75	103.75	207.50	3.49	4.15
2½ years.....		10.37	20.75	103.75	207.50	3.51	4.15
3 years.....		10.37	20.75	103.75	207.50	3.53	4.15
3½ years.....		10.37	20.75	103.75	207.50	3.55	4.15
4 years.....		10.37	20.75	103.75	207.50	3.56	4.15
4½ years.....		10.37	20.75	103.75	207.50	3.58	4.15
5 years.....		10.38	20.75	103.75	207.50	3.59	4.15
5½ years.....		10.38	20.75	103.75	207.50	3.61	4.15
6 years.....		10.38	20.75	103.75	207.50	3.62	4.15
6½ years.....		10.38	20.75	103.75	207.50	3.63	4.15
7 years.....		10.38	20.75	103.75	207.50	3.64	4.15
7½ years.....		10.38	20.75	103.75	207.50	3.65	4.15
8 years.....		10.38	20.75	103.75	207.50	3.66	4.15
8½ years.....		10.38	20.75	103.75	207.50	3.67	4.15
9 years.....		10.38	20.75	103.75	207.50	3.68	4.15
9½ years.....		10.38	20.75	103.75	207.50	3.69	4.15
10 years (extended maturity) ²		10.38	20.75	103.75	207.50	3.70	

¹Yield from effective date of the December 1, 1965 revision to first maturity.

For all other footnotes see table 10.

TABLE 13

BONDS BEARING ISSUE DATES FROM FEBRUARY 1 THROUGH MAY 1, 1957

Face value { Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
Period of time bond is held after issue date						
					Percent	Percent
½ year.....	\$4.00	\$8.00	\$40.00	\$80	1.60	*3.35
1 year.....	7.25	14.50	72.50	145	2.25	*3.38
1½ years.....	8.45	16.90	84.50	169	2.62	*3.38
2 years.....	8.45	16.90	84.50	169	2.80	*3.38
2½ years.....	8.45	16.90	84.50	169	2.92	*3.88
3 years.....	8.70	17.40	87.00	174	3.01	*3.92
3½ years.....	8.70	17.40	87.00	174	3.07	*3.95
4 years.....	8.70	17.40	87.00	174	3.12	*4.00
4½ years.....	8.70	17.40	87.00	174	3.16	*4.05
5 years.....	8.70	17.40	87.00	174	3.19	*4.11
5½ years.....	9.90	19.80	99.00	198	3.25	*4.13
6 years.....	9.90	19.80	99.00	198	3.30	*4.16
6½ years.....	9.90	19.80	99.00	198	3.35	*4.19
7 years.....	9.90	19.80	99.00	198	3.39	*4.23
7½ years.....	9.90	19.80	99.00	198	3.42	*4.29
8 years.....	10.50	21.00	105.00	210	3.46	*4.31
8½ years.....	10.50	21.00	105.00	210	3.50	*4.35
9 years.....	10.50	21.00	105.00	210	3.53	**4.83

Amounts of interest checks and investment yields to maturity on basis of December 1, 1956 revision

9½ years.....	11.55	23.10	115.50	231	3.58	5.04
10 years (maturity).....	12.60	25.20	126.00	252	3.64	-----

*Yields on the basis of the original schedule of interest checks prior to the June 1, 1956 revision are: (1) 3.25 percent for entire period from issuance to maturity; (2) as shown for any period from each interest payment date to maturity.

†Starting with the effective date of the June 1, 1956 revision yields for any remaining period from each interest payment date to maturity prior to the December 1, 1956 revision.

*Yield from the effective date of the December 1, 1956 revision to maturity.

† At all times, except that bond was not redeemable during first 6 months.

TABLE 14

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1957

Face value { Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
					(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination					
					Percent	Percent
½ year.....	\$4.00	\$8.00	\$40.00	\$80	1.60	*3.35
1 year.....	7.25	14.50	72.50	145	2.25	*3.38
1½ years.....	8.45	16.90	84.50	169	2.62	*3.38
2 years.....	8.45	16.90	84.50	169	2.80	*3.88
2½ years.....	8.70	17.40	87.00	174	2.94	*3.91
3 years.....	8.70	17.40	87.00	174	3.02	*3.95
3½ years.....	8.70	17.40	87.00	174	3.08	*3.99
4 years.....	8.70	17.40	87.00	174	3.13	*4.03
4½ years.....	8.70	17.40	87.00	174	3.17	*4.09
5 years.....	9.75	19.50	97.50	195	3.24	*4.11
5½ years.....	9.75	19.50	97.50	195	3.29	*4.14
6 years.....	9.75	19.50	97.50	195	3.34	*4.17
6½ years.....	9.75	19.50	97.50	195	3.38	*4.21
7 years.....	9.75	19.50	97.50	195	3.47	*4.27
7½ years.....	10.45	20.90	104.50	209	3.45	*4.29
8 years.....	10.45	20.90	104.50	209	3.49	*4.31
8½ years.....	10.45	20.90	104.50	209	3.53	**4.76

Amounts of interest checks and investment yields to maturity on basis of December 1, 1956 revision

9 years.....	11.40	22.80	114.00	228	3.58	4.87
9½ years.....	11.40	22.80	114.00	228	3.62	5.18
10 years (maturity).....	12.95	25.90	129.50	259	3.68	-----

For footnotes see table 13.

TABLE 15

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1957 THROUGH MAY 1, 1958

Face value (Issue price Redemption ¹ and maturity value.)	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity ²
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80	1.60	*3.35
1 year.....	7.25	14.50	72.50	145	2.25	*3.38
1½ years.....	8.45	16.90	84.50	169	2.62	*3.88
2 years.....	8.70	17.40	87.00	174	2.83	*3.91
2½ years.....	8.70	17.40	87.00	174	2.96	*3.94
3 years.....	8.70	17.40	87.00	174	3.04	*3.98
3½ years.....	8.70	17.40	87.00	174	3.10	*4.02
4 years.....	8.70	17.40	87.00	174	3.14	*4.07
4½ years.....	9.65	19.30	96.50	193	3.22	*4.10
5 years.....	9.65	19.30	96.50	193	3.28	*4.12
5½ years.....	9.65	19.30	96.50	193	3.33	*4.15
6 years.....	9.65	19.30	96.50	193	3.37	*4.19
6½ years.....	9.65	19.30	96.50	193	3.40	*4.25
7 years.....	10.35	20.70	103.50	207	3.45	*4.27
7½ years.....	10.35	20.70	103.50	207	3.49	*4.29
8 years.....	10.35	20.70	103.50	207	3.52	**4.74
Amounts of interest checks and investment yields to maturity on basis of December 1, 1955 revision						
8½ years.....	10.65	21.30	106.50	213	3.56	4.90
9 years.....	11.70	23.40	117.00	234	3.61	5.02
9½ years.....	12.55	25.10	125.50	251	3.67	5.02
10 years (maturity).....	12.55	25.10	125.50	251	3.73	-----

For footnotes see table 13.

TABLE 16

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1958

Face value (Issue price Redemption ¹ and maturity value.)	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity ²
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80	1.60	*3.35
1 year.....	7.25	14.50	72.50	145	2.25	*3.88
1½ years.....	8.70	17.40	87.00	174	2.65	*3.91
2 years.....	8.70	17.40	87.00	174	2.85	*3.94
2½ years.....	8.70	17.40	87.00	174	2.98	*3.97
3 years.....	8.70	17.40	87.00	174	3.06	*4.01
3½ years.....	8.70	17.40	87.00	174	3.11	*4.06
4 years.....	9.55	19.10	95.50	191	3.20	*4.08
4½ years.....	9.55	19.10	95.50	191	3.26	*4.11
5 years.....	9.55	19.10	95.50	191	3.31	*4.14
5½ years.....	9.55	19.10	95.50	191	3.35	*4.18
6 years.....	9.55	19.10	95.50	191	3.39	*4.23
6½ years.....	10.30	20.60	103.00	206	3.44	*4.25
7 years.....	10.30	20.60	103.00	206	3.48	*4.27
7½ years.....	10.30	20.60	103.00	206	3.52	**4.71
Amounts of interest checks and investment yields to maturity on basis of December 1, 1955 revision						
8 years.....	10.55	21.10	105.50	211	3.56	4.84
8½ years.....	10.55	21.10	105.50	211	3.59	5.06
9 years.....	12.65	25.30	126.50	253	3.66	5.06
9½ years.....	12.65	25.30	126.50	253	3.72	5.06
10 years (maturity).....	12.65	25.30	126.50	253	3.78	-----

For footnotes see table 13.

TABLE 17

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1958 THROUGH MAY 1, 1959

Face value	Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date		(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
						Percent	Percent
½ year.....		\$4.00	\$8.00	\$40.00	\$80	1.60	13.85
1 year.....		7.50	15.00	75.00	150	2.30	13.91
1½ years.....		8.70	17.40	87.00	174	2.68	13.94
2 years.....		8.70	17.40	87.00	174	2.88	13.97
2½ years.....		8.70	17.40	87.00	174	3.00	14.01
3 years.....		8.70	17.40	87.00	174	3.07	14.05
3½ years.....		9.45	18.90	94.50	189	3.17	14.08
4 years.....		9.45	18.90	94.50	189	3.24	14.10
4½ years.....		9.45	18.90	94.50	189	3.30	14.14
5 years.....		9.45	18.90	94.50	189	3.34	14.18
5½ years.....		9.45	18.90	94.50	189	3.38	14.23
6 years.....		10.25	20.50	102.50	205	3.43	14.24
6½ years.....		10.25	20.50	102.50	205	3.48	14.26
7 years.....		10.25	20.50	102.50	205	3.52	**4.70

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

7½ years.....	10.50	21.00	105.00	210	3.56	4.81
8 years.....	10.50	21.00	105.00	210	3.59	4.97
8½ years.....	10.50	21.00	105.00	210	3.62	5.24
9 years.....	13.10	26.20	131.00	262	3.70	5.24
9½ years.....	13.10	26.20	131.00	262	3.76	5.24
10 years (maturity).....	13.10	26.20	131.00	262	3.83	-----

For footnotes see table 13.

TABLE 18

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1959

Face value	Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date		(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
						Percent	Percent
½ year.....		\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....		7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....		8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....		10.00	20.00	100.00	200.00	2.91	*4.00
2½ years.....		10.00	20.00	100.00	200.00	3.12	*4.00
3 years.....		10.00	20.00	100.00	200.00	3.26	*4.00
3½ years.....		10.00	20.00	100.00	200.00	3.36	*4.00
4 years.....		10.00	20.00	100.00	200.00	3.44	*4.00
4½ years.....		10.00	20.00	100.00	200.00	3.49	*4.00
5 years.....		10.00	20.00	100.00	200.00	3.54	*4.00
5½ years.....		10.00	20.00	100.00	200.00	3.58	*4.00
6 years.....		10.00	20.00	100.00	200.00	3.61	*4.00
6½ years.....		10.00	20.00	100.00	200.00	3.64	**4.41

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

7 years.....	10.20	20.40	102.00	204.00	3.66	4.47
7½ years.....	10.20	20.40	102.00	204.00	3.69	4.55
8 years.....	10.90	21.80	109.00	218.00	3.72	4.60
8½ years.....	10.90	21.80	109.00	218.00	3.76	4.68
9 years.....	11.70	23.40	117.00	234.00	3.80	4.68
9½ years.....	11.70	23.40	117.00	234.00	3.84	4.68
10 years (maturity).....	11.70	23.40	117.00	234.00	3.87	-----

*Yields on the basis of the original schedule of interest checks prior to the December 1, 1965 revision are: (1) 3.75 percent for entire period from issuance to maturity; (2) as shown for any period from each interest payment date to maturity.

**Yield from the effective date of the December 1, 1965 revision to maturity.

¹ At all times, except that bond was not redeemable during first 6 months.

TABLE 19

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1959 THROUGH MAY 1, 1960

Face value { Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years.....	10.00	20.00	100.00	200.00	3.12	*4.00
3 years.....	10.00	20.00	100.00	200.00	3.26	*4.00
3½ years.....	10.00	20.00	100.00	200.00	3.36	*4.00
4 years.....	10.00	20.00	100.00	200.00	3.44	*4.00
4½ years.....	10.00	20.00	100.00	200.00	3.49	*4.00
5 years.....	10.00	20.00	100.00	200.00	3.54	*4.00
5½ years.....	10.00	20.00	100.00	200.00	3.58	*4.00
6 years.....	10.00	20.00	100.00	200.00	3.61	*4.41

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

6½ years.....	10.20	20.40	102.00	204.00	3.64	4.46
7 years.....	10.20	20.40	102.00	204.00	3.67	4.52
7½ years.....	10.80	21.60	108.00	216.00	3.71	4.57
8 years.....	10.80	21.60	108.00	216.00	3.74	4.63
8½ years.....	10.80	21.60	108.00	216.00	3.77	4.74
9 years.....	11.85	23.70	118.50	237.00	3.81	4.74
9½ years.....	11.85	23.70	118.50	237.00	3.85	4.74
10 years (maturity).....	11.85	23.70	118.50	237.00	3.89	-----

For footnotes see table 18.

TABLE 20

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1960

Face value { Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years.....	10.00	20.00	100.00	200.00	3.12	*4.00
3 years.....	10.00	20.00	100.00	200.00	3.26	*4.00
3½ years.....	10.00	20.00	100.00	200.00	3.36	*4.00
4 years.....	10.00	20.00	100.00	200.00	3.44	*4.00
4½ years.....	10.00	20.00	100.00	200.00	3.49	*4.00
5 years.....	10.00	20.00	100.00	200.00	3.54	*4.00
5½ years.....	10.00	20.00	100.00	200.00	3.58	*4.40

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

6 years.....	10.20	20.40	102.00	204.00	3.62	4.44
6½ years.....	10.20	20.40	102.00	204.00	3.65	4.50
7 years.....	10.70	21.40	107.00	214.00	3.69	4.54
7½ years.....	10.70	21.40	107.00	214.00	3.72	4.60
8 years.....	10.70	21.40	107.00	214.00	3.75	4.68
8½ years.....	10.70	21.40	107.00	214.00	3.78	4.82
9 years.....	12.05	24.10	120.50	241.00	3.83	4.82
9½ years.....	12.05	24.10	120.50	241.00	3.87	4.82
10 years (maturity).....	12.05	24.10	120.50	241.00	3.91	-----

For footnotes see table 18.

TABLE 21

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1960 THROUGH MAY 1, 1961

Face value { Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
½ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years.....	10.00	20.00	100.00	200.00	3.12	*4.00
3 years.....	10.00	20.00	100.00	200.00	3.26	*4.00
3½ years.....	10.00	20.00	100.00	200.00	3.36	*4.00
4 years.....	10.00	20.00	100.00	200.00	3.44	*4.00
4½ years.....	10.00	20.00	100.00	200.00	3.49	*4.00
5 years.....	10.00	20.00	100.00	200.00	3.54	**4.40

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

5½ years.....	10.20	20.40	102.00	204.00	3.58	4.44
6 years.....	10.20	20.40	102.00	204.00	3.62	4.49
6½ years.....	10.20	20.40	102.00	204.00	3.65	4.56
7 years.....	11.00	22.00	110.00	220.00	3.70	4.58
7½ years.....	11.00	22.00	110.00	220.00	3.74	4.62
8 years.....	11.00	22.00	110.00	220.00	3.78	4.68
8½ years.....	11.00	22.00	110.00	220.00	3.81	4.78
9 years.....	11.95	23.90	119.50	239.00	3.85	4.78
9½ years.....	11.95	23.90	119.50	239.00	3.89	4.78
10 years (maturity).....	11.95	23.90	119.50	239.00	3.93	-----

For footnotes see table 18.

TABLE 22

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1961

Face value { Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
½ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years.....	10.00	20.00	100.00	200.00	3.12	*4.00
3 years.....	10.00	20.00	100.00	200.00	3.26	*4.00
3½ years.....	10.00	20.00	100.00	200.00	3.36	*4.00
4 years.....	10.00	20.00	100.00	200.00	3.44	*4.00
4½ years.....	10.00	20.00	100.00	200.00	3.49	**4.40

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

5 years.....	10.20	20.40	102.00	204.00	3.55	4.44
5½ years.....	10.20	20.40	102.00	204.00	3.59	4.48
6 years.....	10.20	20.40	102.00	204.00	3.63	4.54
6½ years.....	10.85	21.70	108.50	217.00	3.68	4.57
7 years.....	10.85	21.70	108.50	217.00	3.72	4.61
7½ years.....	10.85	21.70	108.50	217.00	3.75	4.66
8 years.....	11.35	22.70	113.50	227.00	3.80	4.70
8½ years.....	11.35	22.70	113.50	227.00	3.83	4.75
9 years.....	11.35	22.70	113.50	227.00	3.87	4.86
9½ years.....	12.15	24.30	121.50	243.00	3.91	4.86
10 years (maturity).....	12.15	24.30	121.50	243.00	3.95	-----

For footnotes see table 18.

TABLE 23

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1961 THROUGH MAY 1, 1962

Face value/Issue price. Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years.....	10.00	20.00	100.00	200.00	3.12	*4.00
3 years.....	10.00	20.00	100.00	200.00	3.26	*4.00
3½ years.....	10.00	20.00	100.00	200.00	3.36	*4.00
4 years.....	10.00	20.00	100.00	200.00	3.44	**4.40

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

4½ years.....	10.20	20.40	102.00	204.00	3.50	4.43
5 years.....	10.20	20.40	102.00	204.00	3.56	4.47
5½ years.....	10.20	20.40	102.00	204.00	3.60	4.52
6 years.....	10.75	21.50	107.50	215.00	3.65	4.55
6½ years.....	10.75	21.50	107.50	215.00	3.69	4.59
7 years.....	10.75	21.50	107.50	215.00	3.73	4.64
7½ years.....	11.25	22.50	112.50	225.00	3.78	4.68
8 years.....	11.25	22.50	112.50	225.00	3.82	4.72
8½ years.....	11.25	22.50	112.50	225.00	3.85	4.80
9 years.....	12.00	24.00	120.00	240.00	3.89	4.80
9½ years.....	12.00	24.00	120.00	240.00	3.93	4.80
10 years (maturity).....	12.00	24.00	120.00	240.00	3.97	-----

For footnotes see table 18.

TABLE 24

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1962

Face value/Issue price. Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years.....	10.00	20.00	100.00	200.00	3.12	*4.00
3 years.....	10.00	20.00	100.00	200.00	3.26	*4.00
3½ years.....	10.00	20.00	100.00	200.00	3.36	**4.40

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

4 years.....	10.20	20.40	102.00	204.00	3.45	4.43
4½ years.....	10.20	20.40	102.00	204.00	3.51	4.47
5 years.....	10.20	20.40	102.00	204.00	3.56	4.51
5½ years.....	10.65	21.30	106.50	213.00	3.62	4.54
6 years.....	10.65	21.30	106.50	213.00	3.67	4.58
6½ years.....	10.65	21.30	106.50	213.00	3.71	4.63
7 years.....	11.25	22.50	112.50	225.00	3.76	4.65
7½ years.....	11.25	22.50	112.50	225.00	3.80	4.69
8 years.....	11.25	22.50	112.50	225.00	3.84	4.74
8½ years.....	11.25	22.50	112.50	225.00	3.87	4.82
9 years.....	12.05	24.10	120.50	241.00	3.91	4.82
9½ years.....	12.05	24.10	120.50	241.00	3.95	4.82
10 years (maturity).....	12.05	24.10	120.50	241.00	3.99	-----

For footnotes see table 18.

TABLE 25

BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1962 THROUGH MAY 1, 1963

Face value	Issue price Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date		(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
						Percent	Percent
½ year	-----	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year	-----	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years	-----	8.00	16.00	80.00	160.00	2.56	*4.00
2 years	-----	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years	-----	10.00	20.00	100.00	200.00	3.12	*4.00
3 years	-----	10.00	20.00	100.00	200.00	3.26	**4.40
Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision							
3½ years	-----	10.20	20.40	102.00	204.00	3.37	4.43
4 years	-----	10.20	20.40	102.00	204.00	3.45	4.46
4½ years	-----	10.20	20.40	102.00	204.00	3.52	4.50
5 years	-----	10.60	21.20	106.00	212.00	3.58	4.53
5½ years	-----	10.60	21.20	106.00	212.00	3.64	4.57
6 years	-----	10.60	21.20	106.00	212.00	3.68	4.61
6½ years	-----	11.15	22.30	111.50	223.00	3.74	4.64
7 years	-----	11.15	22.30	111.50	223.00	3.78	4.67
7½ years	-----	11.15	22.30	111.50	223.00	3.82	4.71
8 years	-----	11.15	22.30	111.50	223.00	3.85	4.78
8½ years	-----	11.95	23.90	119.50	239.00	3.90	4.78
9 years	-----	11.95	23.90	119.50	239.00	3.94	4.78
9½ years	-----	11.95	23.90	119.50	239.00	3.98	4.78
10 years (maturity)	-----	11.95	23.90	119.50	239.00	4.01	-----

For footnotes see table 18.

TABLE 26

BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1963

Face value	Issue price Redemption and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date		(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
						Percent	Percent
½ year	-----	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year	-----	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years	-----	8.00	16.00	80.00	160.00	2.56	*4.00
2 years	-----	10.00	20.00	100.00	200.00	2.91	*4.00
2½ years	-----	10.00	20.00	100.00	200.00	3.12	**4.40
Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision							
3 years	-----	10.20	20.40	102.00	204.00	3.27	4.43
3½ years	-----	10.20	20.40	102.00	204.00	3.38	4.46
4 years	-----	10.20	20.40	102.00	204.00	3.46	4.49
4½ years	-----	10.55	21.10	105.50	211.00	3.54	4.52
5 years	-----	10.55	21.10	105.50	211.00	3.60	4.56
5½ years	-----	10.55	21.10	105.50	211.00	3.65	4.60
6 years	-----	11.10	22.20	111.00	222.00	3.71	4.62
6½ years	-----	11.10	22.20	111.00	222.00	3.76	4.65
7 years	-----	11.10	22.20	111.00	222.00	3.80	4.69
7½ years	-----	11.10	22.20	111.00	222.00	3.84	4.74
8 years	-----	11.10	22.20	111.00	222.00	3.87	4.82
8½ years	-----	12.05	24.10	120.50	241.00	3.92	4.82
9 years	-----	12.05	24.10	120.50	241.00	3.96	4.82
9½ years	-----	12.05	24.10	120.50	241.00	4.00	4.82
10 years (maturity)	-----	12.05	24.10	120.50	241.00	4.03	-----

For footnotes see table 18.

TABLE 27
BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1963 THROUGH MAY 1, 1964

Face value\Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	*4.00
2 years.....	10.00	20.00	100.00	200.00	2.91	**4.40

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

2½ years.....	10.20	20.40	102.00	204.00	3.14	4.43
3 years.....	10.20	20.40	102.00	204.00	3.29	4.46
3½ years.....	10.20	20.40	102.00	204.00	3.39	4.49
4 years.....	10.20	20.40	102.00	204.00	3.47	4.53
4½ years.....	10.75	21.50	107.50	215.00	3.56	4.55
5 years.....	10.75	21.50	107.50	215.00	3.63	4.58
5½ years.....	10.75	21.50	107.50	215.00	3.68	4.62
6 years.....	10.75	21.50	107.50	215.00	3.73	4.66
6½ years.....	11.25	22.50	112.50	225.00	3.78	4.69
7 years.....	11.25	22.50	112.50	225.00	3.83	4.72
7½ years.....	11.25	22.50	112.50	225.00	3.86	4.77
8 years.....	11.25	22.50	112.50	225.00	3.90	4.84
8½ years.....	12.10	24.20	121.00	242.00	3.94	4.84
9 years.....	12.10	24.20	121.00	242.00	3.99	4.84
9½ years.....	12.10	24.20	121.00	242.00	4.02	4.84
10 years (maturity).....	12.10	24.20	121.00	242.00	4.06	-----

For footnotes see table 18.

TABLE 28
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1964

Face value\Issue price Redemption ¹ and maturity value.	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
					Percent	Percent
¼ year.....	\$4.00	\$8.00	\$40.00	\$80.00	1.60	*3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	*3.95
1½ years.....	8.00	16.00	80.00	160.00	2.56	**4.40

Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision

2 years.....	10.20	20.40	102.00	204.00	2.93	4.42
2½ years.....	10.20	20.40	102.00	204.00	3.15	4.45
3 years.....	10.20	20.40	102.00	204.00	3.30	4.48
3½ years.....	10.20	20.40	102.00	204.00	3.41	4.52
4 years.....	10.70	21.40	107.00	214.00	3.51	4.54
4½ years.....	10.70	21.40	107.00	214.00	3.59	4.57
5 years.....	10.70	21.40	107.00	214.00	3.65	4.60
5½ years.....	10.70	21.40	107.00	214.00	3.70	4.64
6 years.....	11.20	22.40	112.00	224.00	3.76	4.66
6½ years.....	11.20	22.40	112.00	224.00	3.81	4.69
7 years.....	11.20	22.40	112.00	224.00	3.85	4.73
7½ years.....	11.20	22.40	112.00	224.00	3.89	4.78
8 years.....	11.20	22.40	112.00	224.00	3.92	4.86
8½ years.....	12.15	24.30	121.50	243.00	3.96	4.86
9 years.....	12.15	24.30	121.50	243.00	4.01	4.86
9½ years.....	12.15	24.30	121.50	243.00	4.04	4.86
10 years (maturity).....	12.15	24.30	121.50	243.00	4.08	-----

For footnotes see table 18.

TABLE 29
BONDS BEARING ISSUE DATES FROM DECEMBER 1, 1964 THROUGH MAY 1, 1965

Face value (Issue price Redemption ¹ and maturity value.)	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
½ year.....	\$4.00	\$8.00	\$40.00	\$80.00	Percent 1.60	Percent *3.88
1 year.....	7.25	14.50	72.50	145.00	2.25	**4.35
Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision						
1¼ years.....	8.20	16.40	82.00	164.00	2.59	4.42
2 years.....	10.20	20.40	102.00	204.00	2.95	4.45
2½ years.....	10.20	20.40	102.00	204.00	3.17	4.48
3 years.....	10.20	20.40	102.00	204.00	3.31	4.51
3½ years.....	10.65	21.30	106.50	213.00	3.44	4.53
4 years.....	10.65	21.30	106.50	213.00	3.54	4.56
4½ years.....	10.65	21.30	106.50	213.00	3.61	4.59
5 years.....	10.65	21.30	106.50	213.00	3.67	4.63
5½ years.....	10.65	21.30	106.50	213.00	3.72	4.67
6 years.....	11.35	22.70	113.50	227.00	3.78	4.69
6½ years.....	11.35	22.70	113.50	227.00	3.83	4.72
7 years.....	11.35	22.70	113.50	227.00	3.88	4.75
7½ years.....	11.35	22.70	113.50	227.00	3.91	4.79
8 years.....	11.35	22.70	113.50	227.00	3.95	4.86
8½ years.....	12.15	24.30	121.50	243.00	3.99	4.86
9 years.....	12.15	24.30	121.50	243.00	4.03	4.86
9½ years.....	12.15	24.30	121.50	243.00	4.07	4.86
10 years (maturity).....	12.15	24.30	121.50	243.00	4.10	-----

For footnotes see table 18.

TABLE 30
BONDS BEARING ISSUE DATES FROM JUNE 1 THROUGH NOVEMBER 1, 1965

Face value (Issue price Redemption ¹ and maturity value.)	\$500 500	\$1,000 1,000	\$5,000 5,000	\$10,000 10,000	Approximate investment yield on face value	
Period of time bond is held after issue date	(1) Amounts of interest checks for each denomination				(2) From issue date to each interest pay- ment date	(3) From each interest pay- ment date to maturity*
½ year.....	\$4.00	\$8.00	\$40.00	\$80.00	Percent 1.60	Percent **4.28
Amounts of interest checks and investment yields to maturity on basis of December 1, 1965 revision						
1 year.....	7.45	14.90	74.50	149.00	2.29	4.37
1¼ years.....	8.20	16.40	82.00	164.00	2.61	4.45
2 years.....	10.20	20.40	102.00	204.00	2.97	4.47
2½ years.....	10.20	20.40	102.00	204.00	3.18	4.51
3 years.....	10.60	21.20	106.00	212.00	3.35	4.53
3½ years.....	10.60	21.20	106.00	212.00	3.47	4.55
4 years.....	10.60	21.20	106.00	212.00	3.56	4.58
4½ years.....	10.60	21.20	106.00	212.00	3.63	4.62
5 years.....	10.60	21.20	106.00	212.00	3.69	4.66
5½ years.....	11.30	22.60	113.00	226.00	3.76	4.68
6 years.....	11.30	22.60	113.00	226.00	3.81	4.70
6½ years.....	11.30	22.60	113.00	226.00	3.86	4.73
7 years.....	11.30	22.60	113.00	226.00	3.90	4.77
7½ years.....	11.30	22.60	113.00	226.00	3.94	4.82
8 years.....	12.05	24.10	120.50	241.00	3.98	4.82
8½ years.....	12.05	24.10	120.50	241.00	4.02	4.82
9 years.....	12.05	24.10	120.50	241.00	4.06	4.82
9½ years.....	12.05	24.10	120.50	241.00	4.09	4.82
10 years (maturity).....	12.05	24.10	120.50	241.00	4.12	-----

For footnotes see table 18.

[F.R. Doc. 66-4444; Filed, Apr. 25, 1966; 8:47 a.m.]

Exhibit 9.—First amendment, May 3, 1966, to Department Circular No. 905, Fourth Revision, U.S. savings bonds, Series H

TREASURY DEPARTMENT,
Washington, May 3, 1966.

Section 332.5 of Department Circular No. 905, Fourth Revision (31 CFR part 332), dated April 7, 1966, is hereby revised and amended as follows:

Sec. 332.5. *Limitation on holdings.* * * *

(a) *General limitation.* \$30,000 (face value) for the calendar year 1966 and each calendar year thereafter.

(d) *Special limitation for gifts to exempt organizations under 26 CFR 1.501(c)(3)-1.* \$200,000 (face value) for the calendar year 1966 and each calendar year thereafter for bonds received as gifts by an organization which at the time of purchase was an exempt organization under the terms of 26 CFR 1.501(c)(3)-1.

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.

Exhibit 10.—First amendment, May 23, 1966, to Department Circular No. 1-63, regulations governing U.S. retirement plan bonds

TREASURY DEPARTMENT,
Washington, May 23, 1966.

Section 341.1(a) of Department Circular, Public Debt Series No. 1-63, dated January 10, 1963 (31 CFR 341), is hereby amended to read as follows:

Sec. 341.1. *Description of bonds.*—(a) *Investment yield (interest).*—U.S. retirement plan bonds, hereinafter sometimes referred to as retirement plan bonds, will be issued at par. The investment yield (interest) on bonds with (1) issue dates of January 1, 1963, through May 1, 1966, will be 3½ percent per annum, compounded semiannually, as set forth in the table of redemption values appended to the circular, and (2) issue dates of June 1, 1966, or thereafter, will be 4.15 percent per annum, compounded semiannually, as set forth in the table, identified as table A, appended to this amendment. The interest will be paid only upon redemption of the bonds. The accrual of interest will continue until the bonds have been redeemed or have reached maturity, whichever is earlier, in accordance with these regulations.

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.

TABLE A

TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 4.15 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JUNE 1, 1966

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning June 1, 1966. The redemption values have been determined to provide an investment yield of approximately 4.15 percent 1 per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of sec. 341.1(b) of this circular.²

Issue price	\$50.00	\$100.00	\$500.00	\$1,000.00
Period after issue date	Redemption values during each half-year period (values increase on first day of period shown)			
First ½ year.....	\$50.00	\$100.00	\$500.00	\$1,000.00
½ to 1 year.....	51.04	102.08	510.38	1,020.75
1 to 1½ years.....	52.10	104.19	520.97	1,041.93
1½ to 2 years.....	53.18	106.36	531.78	1,063.55
2 to 2½ years.....	54.28	108.56	542.81	1,085.62
2½ to 3 years.....	55.41	110.81	554.07	1,108.15
3 to 3½ years.....	56.56	113.11	565.57	1,131.14
3½ to 4 years.....	57.73	115.46	577.31	1,154.61
4 to 4½ years.....	58.93	117.86	589.28	1,178.57
4½ to 5 years.....	60.15	120.30	601.51	1,203.02
5 to 5½ years.....	61.40	122.80	613.99	1,227.99
5½ to 6 years.....	62.67	125.35	626.73	1,253.47
6 to 6½ years.....	63.97	127.95	639.74	1,279.48
6½ to 7 years.....	65.30	130.60	653.01	1,306.03
7 to 7½ years.....	66.66	133.31	666.56	1,333.13
7½ to 8 years.....	68.04	136.08	680.39	1,360.79
8 to 8½ years.....	69.45	138.90	694.51	1,389.03
8½ to 9 years.....	70.89	141.78	708.92	1,417.85
9 to 9½ years.....	72.36	144.73	723.63	1,447.27
9½ to 10 years.....	73.86	147.73	738.65	1,477.30
10 to 10½ years.....	75.40	150.80	753.98	1,507.95
10½ to 11 years.....	76.96	153.92	769.62	1,539.24
11 to 11½ years.....	78.56	157.12	785.59	1,571.18
11½ to 12 years.....	80.19	160.38	801.89	1,603.78
12 to 12½ years.....	81.85	163.71	818.53	1,637.06
12½ to 13 years.....	83.55	167.10	835.52	1,671.03
13 to 13½ years.....	85.29	170.57	852.85	1,705.71
13½ to 14 years.....	87.05	174.11	870.55	1,741.10
14 to 14½ years.....	88.86	177.72	888.61	1,777.23
14½ to 15 years.....	90.71	181.41	907.05	1,814.10
15 to 15½ years.....	92.59	185.17	925.87	1,851.75
15½ to 16 years.....	94.51	189.02	945.09	1,890.17
16 to 16½ years.....	96.47	192.94	964.70	1,929.39
16½ to 17 years.....	98.47	196.94	984.71	1,969.43
17 to 17½ years.....	100.51	201.03	1,005.15	2,010.29
17½ to 18 years.....	102.60	205.20	1,026.00	2,052.01
18 to 18½ years.....	104.73	209.46	1,047.29	2,094.58
18½ to 19 years.....	106.90	213.80	1,069.02	2,138.05
19 to 19½ years.....	109.12	218.24	1,091.21	2,182.41
19½ to 20 years.....	111.38	222.77	1,113.85	2,227.70
20 to 20½ years ²	113.70	227.39	1,136.96	2,273.92

¹ Based on redemption values of \$1,000 bond.

² At a future date prior to June 1, 1986 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holdings of 20½ years and beyond.

Exhibit 11.—First amendment, May 24, 1966, to Department Circular No. 530, Ninth Revision, regulations governing U.S. savings bonds

TREASURY DEPARTMENT,
Washington, May 24, 1966.

Department Circular No. 530, Ninth Revision (31 CFR Part 315), dated December 23, 1964, is hereby revised and amended as follows:

Sec. 315.6. Restrictions on registration.—* * *

(b) Minority.¹

(1) Bonds purchased by another person with funds belonging to a minor must be registered in the name of the minor without a coowner or beneficiary. Bonds purchased by a representative of a minor's estate must be registered in the name of the minor and include in the registration an appropriate reference to the guardianship estate. Bonds purchased by a representative of the estates of two or more

¹ See examples of forms of registration under sec. 315.7(b)(2).

minors, even though appointed in a single proceeding, must be registered in the name of each minor separately, with appropriate reference to his guardianship estate.

(2) Bonds purchased with funds not belonging to a minor may be registered to name the minor as owner, coowner or beneficiary, and in this case, the registration must include an appropriate reference to the guardianship estate, if the minor's estate is under legal guardianship.

(3) Bonds purchased as a gift to a minor under a gifts to minors statute in effect in the State in which either the donor or the minor resides may be registered as provided in the applicable statute, with a parenthetical reference to the statute if it is not clearly identified by the registration. A coowner or beneficiary may not be named.

(4) Registration of bonds in the name of a natural guardian for a minor is not authorized.

(5) A minor may name a coowner or beneficiary on bonds he purchases with his wages, earnings, or other funds belonging to him and under his control.

(c) *Incompetency.*¹—Bonds may be purchased with funds belonging to the estate of an incompetent for whom a guardian or similar representative has been appointed.² The registration must include appropriate reference to such guardianship or similar fiduciary estate. Bonds purchased with funds not belonging to the incompetent may be registered to name the incompetent as owner (with or without a beneficiary), as coowner or as beneficiary, with appropriate reference to the guardianship or similar fiduciary estate.

Sec. 315.7. *Authorized forms of registration.*— * * *

(b) *Fiduciaries (including legal guardians or similar representatives, certain custodians, executors, administrators and trustees).*

(1) *General.*—A bond may be registered in the name of any person or persons or any organization, public or private, acting as fiduciary of a single duly constituted fiduciary estate, but not where the fiduciary would hold the bond merely or principally as security for the performance of a duty, obligation or service. A coowner or beneficiary may not be named in the registration except under the applicable provisions of sec. 315.6 (b) and (c). A common trust fund established and maintained according to law by a financial institution duly authorized to act as a fiduciary will be considered as a single duly constituted fiduciary estate within the meaning of these regulations. Registration must conform to a form authorized by this paragraph.

(2) *Guardians, conservators, similar representatives, certain custodians.*—A bond may be registered in the name and title or capacity of the legally appointed, designated or authorized representative of the estate of a minor, incompetent, aged person, absentee, etc., or in the name of such individual, followed by an appropriate reference to the estate and showing the nature of the disability or referring to the applicable statute. A coowner or beneficiary may be named only in accordance with the applicable provisions of sec. 315.6 (b) and (c). Examples:

Tenth National Bank, guardian (or conservator, trustee, etc.) of the estate of George M. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee).

George M. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee) under legal guardianship (or conservatorship or trusteeship, etc.) of James F. Jones.

John R. Smith 123-45-6789, an adult under conservatorship of Henry C. Smith pursuant to Sec. 572, 1963 Iowa Probate Code.

James F. Brown 123-45-6789, a minor (or an incompetent) under custodianship by designation of the Veterans Administration.

Frank M. Olsen 123-45-6789, an incompetent for whom Eric A. Olsen has been designated trustee by the Department of the Army pursuant to 37 U.S.C. 351-354.

Arnold A. Ames, as custodian for Barry B. Bryan 123-45-6789, under the California Uniform Gifts of Securities to Minors Act.

Arnold A. Ames, as custodian for Barry B. Bryan 123-45-6789, a minor, under the laws of Georgia (Ch. 48-3, Code of Ga. Ann.).

Richard A. Roe 123-45-6789, a minor (or an incapacitated adult) beneficiary for whom Reva L. Roe has been designated representative payee by the Secretary of Health, Education, and Welfare, pursuant to 42 U.S.C. 405(j).

¹ See examples of forms of registration under sec. 315.7(b)(2).

² Bonds should not be registered in the name of an incompetent unless there is a representative for his estate, except as provided in sec. 315.53.

Tenth National Bank, guardian of the estate of George M. Brown, a minor or Henry L. Green 123-45-6789.

Henry L. Green 123-45-6789 P.O.D. George M. Brown, a minor under legal guardianship of Tenth National Bank.

(3) *Executors and administrators*.—A bond may be registered in the name of the representative or representatives appointed by a court or otherwise legally qualified to act for the estate of a decedent, or in the name of an executor authorized to administer a trust under the terms of a will although he is not named as trustee. The names and capacities of all the representatives, as shown in their letters of appointment, must be included in the registration and be followed by an adequate identifying reference to the estate. Examples:

John H. Smith and Calvin N. Jones, executors of the will (or administrators of the estate) of Robert J. Smith, deceased 12-3456789.

John H. Smith, executor of the will of Robert J. Smith, deceased, in trust for Mrs. Jane L. Smith, with remainder over 12-3456789.

(4) *Trustees or life tenants under wills, deeds of trust, agreements, or similar instruments*.—A bond may be registered in the name and title of the trustee (or trustees) of a duly constituted trust estate, or in the name of a life tenant, followed by an adequate identifying reference to the authority governing the trust or life tenancy. Examples:

Thomas J. White and Tenth National Bank, trustees under the will of Robert J. Smith, deceased 12-3456789.

Mrs. Jane M. Smith, life tenant under the will of Robert J. Smith, deceased 12-3456789.

Tenth National Bank, trustee under agreement with Paul E. White, dated February 1, 1955, 12-3456789.

Carl A. Black and Henry B. Green, trustees under agreement with Paul E. White, dated February 1, 1955, 12-3456789.

If the trust instrument designates by title only an officer of a board or an organization as trustee, only the title of the officer should be used. Example:

Chairman, Board of Trustees, First Church of Christ, Scientist, of Chicago, Ill., in trust under the will of Robert J. Smith, deceased 12-3456789.

The names of all trustees, in the form used in the trust instrument, must be included in the registration, except as follows:

(i) If there are several trustees designated as a board or authorized to act as a unit, their names may be omitted and the words "Board of Trustees" substituted for the word "trustees." Example:

Board of Trustees of the Immediate Relief Trust of the Federal Aid Association, under trust indenture dated February 1, 1955, 12-3456789.

(ii) If the trustees do not constitute a board and are not authorized to act as a unit, and are too numerous to be designated in the registration by names and title, some or all of the names may be omitted. Examples:

John A. Smith, Henry B. Jones, et al., trustees under the will of Edwin O. Mann, deceased 12-3456789.

Trustees under the will of Edwin A. Mann, deceased 12-3456789.

(5) *Pension, retirement or similar funds, or eligible employees' savings, or savings and vacation plans*.—A bond may be registered in the name and title, or title alone, of the trustee or trustees of a pension, retirement or similar fund, or an eligible employees' savings or savings and vacation plan. If the instrument creating the trust provides that the trustees shall serve for a limited term, their names may be omitted. Examples:

Tenth National Bank, trustee of pension fund of Safety Manufacturing Co., U/A with said company dated March 31, 1949, 12-3456789.

Trustees of retirement fund of Safety Manufacturing Co., under directors' resolution adopted March 31, 1949, 12-3456789.

County Trust Co., trustee of the employees' savings plan of Jones Co., Inc., U/A dated January 17, 1959, 12-3456789.

Trustees of the employees' savings plan of Brown Bros., Inc., U/A dated January 20, 1964, 12-3456789.

(6) *Funds of lodges, churches, societies, or similar organizations*.—A bond may be registered in the titles of the trustees, or a board of trustees, holding funds in trust for a lodge, church, society, or similar organization, whether or not incorporated. Examples:

Trustees of the First Baptist Church, Akron, Ohio, acting as a board under section 15 of its bylaws, 12-3456789.

Trustees of Jamestown Lodge No. 1,000, Benevolent and Protective Order of Elks, under section 10 of its bylaws, 12-3456789.

Board of Trustees of the Lotus Club, Washington, Ind., under article 10 of its constitution, 12-3456789.

(7) *Investment agents for religious, educational, charitable, or nonprofit organizations.*—A bond may be registered in the name of a bank, trust company, or other financial institution, or an individual, as agent under an agreement with a religious, educational, charitable, or nonprofit organization, whether or not incorporated, if the agent holds funds for the sole purpose of investing and reinvesting them and paying the income to the organization. The name and designation of the agent must be followed by an adequate identifying reference to the agreement. Examples:

Tenth National Bank, fiscal agent 12-3456789, under agreement with the Evangelical Lutheran Church of the Holy Trinity, dated December 28, 1949.

Sixth Trust Co., investment agent 12-3456789, U/A dated September 16, 1962, with Central City Post, Department of Illinois, American Legion.

John Jones, investment agent 12-3456789, U/A dated September 16, 1962, with Central City Post, Department of Illinois, American Legion.

(8) *Funds of school groups or activities.*—A bond may be registered in the title of the principal or other officer of a public, private, or parochial school holding funds in trust for a student body fund or for a class, group, or activity. If the amount purchased for any one fund does not exceed \$500 (face value), no reference need be made to a trust instrument. Examples:

Principal, Western High School, in trust for Class of 1955 Library Fund, 12-3456789.

Director of Athletics, Western High School, in trust for Student Activities Association, under resolution adopted May 12, 1955, 12-3456789.

(9) *Public corporations, bodies, or officers as trustees.*—A bond may be registered in the name of a public corporation or a public body, or in the title of a public officer, acting as trustee under express authority of law, followed by an appropriate reference to the statute creating the trust. Examples:

Rhode Island Sinking Fund Commission, trustee of the general sinking fund, under chapter 35, General Laws of Rhode Island.

Superintendent of the Confederate Home for Men, in trust for the benefit fund under section 3183, Vernon's Civil Statutes of Texas Annotated.

(c) *Private organizations (corporations, associations, partnerships).*—(1) *General.*—A bond may be registered in the name of any private organization in its own right, except that of a commercial bank, which is defined for this purpose as one accepting demand deposits. The full legal name of the organization, as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed, if desired, by a parenthetical reference to a particular account, other than a trust account, in accordance with the rules and examples authorized by this paragraph.

(2) *Corporations.*—A bond may be registered in the name of a business, fraternal, religious, or other private corporation. The words "a corporation" must be included in the registration unless the fact of incorporation is shown in the name. Examples:

Smith Manufacturing Co., a corporation, 12-3456789.

Green & Redd, Inc., 12-3456789 (depreciation account).

(3) *Unincorporated associations.*—A bond may be registered in the name of a club, lodge, society, or similar self-governing association which is not incorporated. The words "an unincorporated association" must be included in the registration. This form of registration must not be used for a trust fund, a board of trustees, a partnership, a business conducted under a trade name, or a sole proprietorship. If the association is chartered by or affiliated with a parent organization, the name or designation of the subordinate or local organization must be given first, followed by the name of the parent organization. The name of the parent organization may be placed in parentheses and, if well known, may be abbreviated. Examples:

The Lotus Club, an unincorporated association, 12-3456789.

Local 447, Brotherhood of Railroad Trainmen, an unincorporated association, 12-3456789.

Eureka Lodge No. 317 (A.F. & A.M.), an unincorporated association, 12-3456789.

(4) *Partnerships.*—A bond may be registered in the name of a partnership, which will be considered as an entity. The words "a partnership" must be included in the registration. Examples:

Smith & Brown, a partnership, 12-3456789.

Acme Novelty Co., a partnership, 12-3456789.

(d) *Institutions (churches, hospitals, homes, schools, etc.)*.—A bond may be registered in the name of a church, hospital, home, school, or similar institution conducted by a private organization or by private trustees, regardless of the manner in which it is organized or governed or title to its property is held. Descriptive words such as "a corporation" or "an unincorporated association" must not be included in the registration. Examples:

Shriners' Hospital for Crippled Children, St. Louis, Mo. 12-3456789.

St. Mary's Roman Catholic Church, Albany, N.Y. 12-3456789.

Rodeph Shalom Sunday School, Philadelphia, Pa. 12-3456789.

(e) *States, public bodies and corporations, and public officers*.—A bond may be registered in the name of a State, county, city, town, village, school district or other political entity, public body or corporation established by law (including a board, commission, administration, authority or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody of the funds. Examples:

State of Maine.

Town of Rye, N.Y. (Street Improvement Fund).

Maryland State Highway Commission.

Treasurer, City of Chicago.

(f) *Treasurer of the United States as coowner or beneficiary*.—A person who desires to have a bond become the property of the United States upon his death may designate the Treasurer of the United States as coowner or beneficiary.

Examples:

George T. Jones 123-45-6789 or the Treasurer of the United States of America.

George T. Jones 123-45-6789 P.O.D. the Treasurer of the United States of America.

Sec. 315.10. *Amount which may be held*.— * * *

(a) *Series E*.—\$5,000 (face value) for each calendar year up to and including the calendar year 1947; \$10,000 (face value) for the calendar years 1948 to 1951, inclusive; \$20,000 (face value) for the calendar years 1952 to 1956, inclusive; \$10,000 (face value) for the calendar years 1957¹ to 1965, inclusive; \$20,000 (face value) for the calendar year 1966 and each calendar year thereafter; except that trustees of an employees' savings plan (as defined in Department Circular No. 653, current revision, 31 CFR part 316) and trustees of an eligible savings and vacation plan may purchase \$2,000 (face value) multiplied by the highest number of employees participating in the plan at any time during the calendar year in which the bonds are issued.

(b) *Series H*.

(1) *General limitation*.—\$20,000 (face value) for each calendar year up to and including the calendar year 1956; \$10,000 (face value) for the calendar years 1957¹ to 1961, inclusive; \$20,000 (face value) for the calendar years 1962 to 1965, inclusive; \$30,000 (face value) for the calendar year 1966 and each calendar year thereafter.

(2) *Special limitation*.—\$200,000 (face value) for the calendar year 1966 and each calendar year thereafter for bonds received as gifts by an organization which at the time of purchase was an exempt organization under the terms of 26 CFR 1.501(c) (3)-1.

Sec. 315.11. *Computation of amount*.—* * *

(b) *Bonds that must be included in computation*.—* * *

(3) All bonds originally registered in the name of that person as owner or reissued at the request of the original owner to add the name of that person as coowner or to designate him as coowner instead of as beneficiary. However, the amount of bonds of Series E and H held in coownership form may be applied to the holdings of either of the coowners or apportioned between them.

(c) *Bonds that may be excluded from computation*.—* * *

(3) Bonds to which he has become entitled under sec. 315.67 as surviving beneficiary upon the death of the registered owner, as an heir or legatee of the deceased owner, or by virtue of the termination of a trust or the happening of any other event;

* * * * *

(6) Bonds of Series E or H reissued under sec. 315.61(a);

* * * * *

(9) Bonds of Series H issued in exchange for bonds of Series E, F, or J under the provisions of Department Circular No. 1036 (31 CFR 339) as in effect at the time of the exchange.

¹ See footnote 5, Department Circular No. 530, Ninth Revision (31 CFR part 315). (Printed in 1965 annual report, page 242, footnote 2.)

Sec. 315.36. *Before maturity.*—* * *

(c) *Withdrawal of request for redemption.*—An owner or a coowner who has presented and surrendered a bond to the Treasury Department or a Federal Reserve bank or branch or to an authorized paying agent, with an appropriate request for payment, may withdraw such request if notice of intent to withdraw is given to and received by the same agency to which the bond was presented for payment prior to the issuance of a check in payment or prior to payment by the authorized paying agent. Such request may be withdrawn under the same conditions by the executor or administrator of the estate of a deceased owner, or by the person or persons who would have been entitled to the bond under subpart O, or by the legal representative of the estate of a person under legal disability, unless presentation and surrender of the bond have cut off rights of survivorship under the provisions of subpart M or subpart N.

Sec. 315.38. *Requests for payment.*—* * *

(c) *Identification and signature.*—Unless the bond is presented under provisions of paragraph (a) of this section or paragraph (b) of sec. 315.39, the owner or a coowner whose name is inscribed on the bond, or other person entitled to payment under the provisions of these regulations, must appear before and establish his identity to an officer authorized to certify requests for payment (see subpart I), and in the presence of such officer sign the request for payment in ink, adding in the space provided the address to which the check issued in payment is to be mailed. A signature by mark (X) must be witnessed by at least one disinterested person in addition to the certifying officer and must be attested by endorsement in the blank space, substantially as follows: "Witness to above signature by mark," followed by the signature and address of the witness. If the name of the owner, coowner or other person entitled to payment as it appears in the registration or in evidence on file in the Bureau of the Public Debt, Division of Loans and Currency Branch, has been changed by marriage or in any other legal manner, the signature to the request for payment must show both names and the manner in which the change was made, for example, "Mrs. Mary T. Jones Smith (Mrs. Mary T. J. Smith or Mrs. Mary T. Smith) changed by marriage from Miss Mary T. Jones," or "John R. Young, changed by order of court from Hans R. Jung." (See sec. 315.49.) No request signed in behalf of the owner, a coowner or person entitled to payment by an agent or a person acting under a power of attorney will be recognized by the Treasury Department, except when the bond has been pledged in lieu of surety under Department Circular No. 154, current revision (31 CFR, part 225), as provided in sec. 315.16.

Sec. 315.42. *Persons who may certify.*—* * *

(b) *At banks trust companies and member organizations of the Federal Home Loan Bank System.*—Any officer of any bank or trust company incorporated in the United States, its territories or possessions, or the Commonwealth of Puerto Rico, any Federal Savings and Loan Association or other organization which is a member of the Federal Home Loan Bank System, or a domestic or foreign branch of any such institution; any officer of a Federal Reserve bank, Federal land bank, or Federal home loan bank; any employee of any such institution expressly authorized by it for that purpose, who must sign over the title "Designated Employee"; and Federal Reserve agents and assistant agents located at the several Federal Reserve banks. Certifications by any of these officers or designated employees must be authenticated by either a legible impression of the corporate seal of the institution or, in the case of organizations which are authorized issuing agents for bonds of Series E, by a legible imprint of the issuing agent's dating stamp.

* * * * *

Sec. 315.50. *Payment to representative of estate.*—(a) If a bond is registered to show the owner or a coowner is a minor, an incompetent, aged person, absentee, etc., and shows the name of the representative of his estate, the representative may obtain payment of the bond without submitting evidence of his representative capacity. If the representative's name is not shown, a certificate, or a certified copy of the letters of appointment, from the court making the appointment, under court seal, or other proof of qualification if not appointed by a court, must be submitted. Except in the case of corporate fiduciaries, such evidence must show that the appointment is in full force and be dated not more than 1 year prior to presentation of the bond for payment. After the death of a minor, an incompetent, aged person, absentee, etc., the representative of the estate at any time prior to his discharge will be entitled to obtain payment of a bond to which the ward was solely entitled. The request for payment appearing on the back of a bond must be signed by the representative as such, for

example, "John S. Jones, guardian (committee) of the estate of Henry W. Smith, a minor (an incompetent)."

(b) If the form of registration does not indicate there is a representative of the estate of a minor owner or coowner, a notice that there is such a representative will not be accepted for the purpose of preventing payment to the minor or to a parent or other person on behalf of the minor, as provided in secs. 315.51 and 315.52.

Sec. 315.56. *Reissue for certain purposes.*— * * *

(c) *Certain degrees of relationship.*—To name as registered owner a person related to the owner as set forth in sec. 315.61(a)(2), with a beneficiary or coowner, if so desired. (Form PD 3360 may be used.)

(d) *Trustees.*—To name the trustee of (1) a personal trust estate created by the owner, or (2) a personal trust estate created by other than the owner provided (i) the owner is a beneficiary of the trust, or (ii) a beneficiary of the trust and the owner are related as set forth in sec. 315.61(a)(2). (Form PD 1851 may be used.)

Sec. 315.61. *Reissue during the lives of both coowners.*—

(a) *General.*—A bond registered in coownership form may be reissued upon its presentation and surrender during the lifetime and competency of both coowners, upon the request of both, under the following conditions:

(1) *Marriage, divorce, or annulment of marriage.*—If one of the coowners marries, or if they are divorced or legally separated from each other, or their marriage to each other is annulled after issue of the bond, the bond may be reissued in the name of either coowner alone, or with a new coowner or beneficiary.

(2) *Related coowners.*—If the coowners are related as: husband, wife; parent, child (including stepchild); brother, sister (including the half blood, stepbrother, stepsister, or brother or sister through adoption); grandparent, grandchild; great grandparent, great grandchild; uncle, aunt, nephew, niece (including a child of a brother or sister of the present spouse); granduncle, grandaunt, grandnephew, grandniece; father-in-law, mother-in-law, son-in-law, daughter-in-law; brother-in-law, sister-in-law—the bond may be issued in the name of:

(i) Either coowner alone, or with a new coowner or beneficiary;

(ii) A third person related to either coowner in any of the foregoing degrees of relationship, with a coowner or beneficiary if so desired; (Form PD 1938 may be used for any of the above classes.) or

(iii) The trustee of (a) a personal trust estate created by either of them, or (b) a personal trust estate created by some other person provided (1) either coowner is a beneficiary of the trust, or (2) a beneficiary of the trust is related to either coowner in any of the foregoing degrees of relationship. (Form PD 1851 may be used.)

(3) The provisions of this section do not apply to bonds on which the Treasurer of the United States is named as coowner.

* * * * *

Sec. 315.65. *Payment during the lifetime of the registered owner.*—A savings bond registered in beneficiary form, for example, "John A. Jones payable on death to Mrs. Mary C. Jones," will be paid to the registered owner during his lifetime upon his properly executed request as though no beneficiary had been named in the registration. The presentation and surrender of the bond by the registered owner for payment establishes his exclusive right to the proceeds of the bond, and if he should die before the transaction is completed, payment will be made to the legal representative of, or the persons entitled to, his estate upon receipt of proof of appointment and qualification of the representative or the identity of the persons entitled, in accordance with the provisions of subpart O.

Sec. 315.66. *Reissue during the lifetime of the registered owner.*—A savings bond registered in beneficiary form may be reissued upon its presentation and surrender during the lifetime of the registered owner, upon his request, as follows:

(a) To name the beneficiary designated on the bond as coowner. (Form PD 1787 may be used.)

(b) To eliminate his name as owner and to name as owner a custodian for the beneficiary, if a minor, under a statute authorizing gifts to minors. (Form PD 3360 may be used.)

(c) To eliminate the beneficiary, to substitute another person as beneficiary, or to name another person as coowner. The request of the owner must be supported by the duly certified consent of the beneficiary to elimination of his name, or by proof of his death. (Form PD 1787 may be used.)

(d) To eliminate his name as owner and to name as owner the trustee of (1) a personal trust estate created by the owner, or (2) a personal trust estate created by other than the owner if (i) the owner is a beneficiary of the trust, or (ii) a beneficiary of the trust and the owner are related as set forth in sec. 315.61(a)(2). The request of the owner must be supported by the duly certified consent of the beneficiary, or by proof of his death. (Form PD 1351 may be used.)

(e) The provisions of this section do not apply to bonds on which the Treasurer of the United States is named as beneficiary.

Sec. 315.67. *After the death of the registered owner.*—If the registered owner dies without the bond having been presented and surrendered for payment or authorized reissue and is survived by the beneficiary, upon proof of death of the owner the beneficiary will be recognized as the sole and absolute owner, and payment or reissue will be made as though the bond were registered in his name alone (see Subpart L).

JOHN K. CARLOCK,

Fiscal Assistant Secretary of the Treasury.

Footnotes 2 and 7 to 31 CFR Part 315 (printed in the 1965 annual report as footnote 1, page 238, and footnote 2, page 246, respectively) are amended and revised, as follows:

³ Taxpayer identifying numbers must be included in Series H bond registrations, except for persons and organizations exempt from furnishing such numbers under regulations of the Internal Revenue Service. Bonds inscribed in the name of an individual, with or without a beneficiary, must show the individual's social security account number. The number of either coowner may be shown on bonds registered in coownership form. However, if the coowners are husband and wife, the husband's number should be shown. If the coowners are a minor and an adult, the adult's number should be shown. (See examples in sec. 315.7.)

At present it is not mandatory that taxpayer identifying numbers be included in registrations of Series E bonds. Issuing agents for Series E bonds issued under any payroll savings plans desiring to place the numbers on bonds should obtain instructions from the Bureau of the Public Debt, Washington, D. C. 20220.

⁷ Series E bonds issued on or before Apr. 30, 1952, increased in redemption value at the beginning of the second year after issue date and at the beginning of each successive half-year period thereafter to original maturity. Series E bonds issued on and after May 1, 1952, and Series J bonds, the sale of which terminated on Apr. 30, 1957, increased in redemption value at the beginning of each successive half-year period after issue date. At original maturity the last increase in redemption value of Series E bonds issued on or after May 1, 1952, covers these periods: 2 months, from 9½ years through 9 years, 8 months, for bonds issued before Feb. 1, 1957; 5 months, from 8½ years through 8 years, 11 months, for bonds issued on or after Feb. 1, 1957, but before June 1, 1959; 3 months, from 7½ years through 7 years, 9 months, for bonds issued on and after June 1, 1959, but before Dec. 1, 1965; and 6 months, from 6½ years through 7 years for bonds issued on and after Dec. 1, 1965.

Delete footnote 10, which was printed in the 1965 annual report, page 256, footnote 1.

Legislation

Exhibit 12.—An act to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act

[Public Law 89-472, 89th Congress, H.R. 15202, June 24, 1966]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, during the period beginning on July 1, 1966, and ending on June 30, 1967, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. 757b), shall be temporarily increased to \$330,000,000,000.

Public debt
limit.

79 Stat. 172.

Approved June 24, 1966.

Exhibit 13.—An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for two years the authority of Federal Reserve banks to purchase United States obligations directly from the Treasury

[Public Law 89-484, 89th Congress, S. 3368, June 30, 1966]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14(b) of the Federal Reserve Act, as amended (12 U.S.C. 355), is amended by striking out "July 1, 1966" and inserting in lieu thereof "July 1, 1968" and by striking out "June 30, 1966" and inserting in lieu thereof "June 30, 1968".

Federal Reserve
Act, amendment.
61 Stat. 56;
78 Stat. 235.

Approved June 30, 1966.

Financial Policy

Exhibit 14.—Remarks by Secretary of the Treasury Fowler, November 8, 1965, before the Economic Club of New York, on fiscal and economic policy

It has been said that "The Great Society is the one in which businessmen think greatly of their function." The author of that statement was not President Johnson, but Alfred North Whitehead, the great philosopher, speaking more than half a century ago.

A more contemporary American, speaking of our present-day economy said: "It is an economy where the health of business benefits all the people. It is an economy where the prosperity of the people benefits the health of business. It is an economy where, in large measure, the fortunes of each are tied to the fortunes of all."

Gentlemen, that speaker was not the head of one of our giant corporations—it was the President of the United States. Incidentally, in the spate of economic statistics which confuse us daily, one thing emerges loud and clear: namely, what is good for the country is certainly proving good for General Motors. And the same is true of virtually every business represented here tonight.

Instead of fortifying that last statement with a barrage of statistics about what has happened in the last 2 or 5 years to profits before taxes, profits after taxes, cash flow, gross national product, personal disposable income, consumption, weekly pay, employment, and numerous other indices, let me be one speaker out of Washington who spared you a glorious statistical recital. There is no need to belabor the statistics, when to paraphrase one well-known commentator: "In your heart you know I'm right." And, I might add—in your annual report, too.

Behind all those heartwarming statistics you are being spared, there is an important fact of life in this good year 1965—you in business and we in Government are a partnership for progress. We are bound by a common conviction that the right answer to our problems on both the domestic and international economic fronts must be based on a dynamic private sector as the prime mover in the achievement of our economic goals. Business, labor, and Government have learned that by pulling together we can all achieve much more than by pulling apart.

It is against this background of a fruitful, working partnership between business and Government that I would speak to you tonight about the most important task of that partnership—sustaining the greatest, longest, and best balanced economic advance in the Nation's history as it moves through its 57th month.

You will forgive me for speaking frankly and in a more personal vein than is customary. This is a very personal subject to you, and both this partnership and the economic advance are a personal and public thing to me. Much of the last 4½ years of my life have been given to promoting both, because it is good business for the Treasury and the country.

My personal credentials for a deep and demonstrated conviction that we must enable the private sector to play the prime and dynamic role in our national economy, include scars and bruises incurred in helping to secure the development, adoption, and execution of the liberalization of depreciation allowances—the investment tax credit in 1962—the corporate tax cut and further improvement of the investment credit in 1964—individual tax reductions of 1964 that included top-to-bottom rate reductions—and excise tax reductions this year.

But my most important credential by far is that I serve under a President of the United States who has done more and worked harder than any man in our long national history to bring about the better understanding that is essential to a fruitful working partnership between business, labor, and Government. Night after night, day after day, as no President before him, President Johnson has brought together leaders of business, finance, and labor to meet with him, his Cabinet, and White House staff members—seeking advice, swapping ideas on what each could do separately and all could do together for a better America. He has made "let us reason together" a national slogan as well as his personal expression of heart and mind.

It is in that spirit that we turn to our task—sustaining the economic advance. Debate is raging on how best to keep it rolling. A number of my friends have engaged publicly in this debate. An even larger number are debating privately. There are those who are fearful of "overheating" or inflation. There are those who feel that the economy may run out of power and lose its upward thrust. Some of my friends see the expansion exploding with a boom and a bang because

it is being excessively stimulated. And some of my friends see the expansion running out of gas unless there is more stimulus. My own position on this issue is frank and forthright. I am for my friends.

Since I am a mere lawyer by profession, I am not eligible to join either of these economic schools. So I have been thinking of starting my own new school of economics. To be a member you must have the capacity to worry about both inflation and deflation at the same time. Students in this school, when they read each morning's ration of glowing economic statistics, will not know whether to laugh or cry. They must be aware of the dangers of unbridled optimism either as a strategy for successful performance or as a medium for successful prophecy. They must also not be inclined to surrender to pessimism. In my school, neither Cassandra nor Pollyanna will be eligible as coeds.

The curriculum will be simple. It will consist of persistent study of the policies which have been employed to sustain the present expansion and the adjustments, adaptations, and changing emphasis appropriate to new problems, new needs, or new facts.

The unprecedented economic expansion we are seeking to sustain has consistently confounded those who have failed to discern its true course and character—those, often, who have also failed to comprehend the policies that have supported and sustained its progress.

And those policies have amply proven their worth. While they have not, and I would not dare to claim they have, eliminated the business cycle, it has been demonstrated that the cycle does not move by the calendar but by our private and public policies.

In considering the future of the current economic expansion and my views of the policies necessary to sustain it, my thoughts instinctively go back to the summer and fall of 1961. The views I held then, and hold now, were perhaps best expressed in my response to a request by the late President Kennedy at a Cabinet meeting in mid-November 1961—just 4 years ago to the week—for suggestions with reference to the coming year's legislative and administrative program. It was entitled: "A Recommended Program to Avoid Recession in 1963-64 or Minimize Period of Decline." Sparing you the analysis and commentary and much of the detail of the program recommended, let me outline the policies to which it was directed:

First, a steady and healthy increase in the rate of business investment in modernized plant and equipment, providing the capacity and efficient facilities essential to support more rapid growth at stable prices but without encouraging an unsustainable burst of investment activity;

Second, coordination of monetary and fiscal policies to promote this growth by providing new investment incentives in our tax structure, while maintaining the availability of ample credit for investment, homebuilding, and State and local construction at reasonable rates of interest;

Third, an early attack on structural problems potentially constricting our growth potential, including especially the training of additional supplies of manpower equipped to play a useful role in modernized industry or expanded services, private and public, and enactment of a Federal aid to education bill;

Fourth, the avoidance of destabilizing price, wage, inventory, and budgetary policies, including action to avoid a violent shift back and forth between large deficits and large surpluses in the Federal budget, to develop productivity measures and guidelines, and to encourage labor-management-Government understanding of appropriate price and wage changes;

Fifth, improvement of countercyclical tools through the enactment of automatic or discretionary countercyclical tax and expenditure devices that could be promptly brought to bear, in coordination with monetary policy, when desirable to counter actual or reasonably forecast sharp changes in demand.

What stands out, as we look back upon the expansion of the 4 years that have ensued since that early analysis, is how far we have come toward those goals, and how smooth the ride has been. For this expansion has remained remarkably free from the excesses and imbalances that too often in the past have upset our periods of prosperity.

There were tests that might easily have tripped up a less solidly based expansion, but that we have met and mastered, avoiding recession on the one hand and inflation on the other, as business, labor, and Government have worked together in a climate of mutual cooperation and confidence.

I am not here tonight to contend that there is no need for flexibility in the public and private policy mix we have so successfully lived by for nearly 5 prosperous years.

Of course, new facts and new circumstances may call for a reexamination of policies. Policies must be adjusted and adapted to new problems and new needs as they emerge. And we must not airily dismiss potential new dangers. But there are dangers, too, in acting prematurely in response to fears for the future that are not grounded in hard facts and hard analysis.

A few months ago, many were concerned that the expansion might sputter and fail—particularly after the turn of the year, when the large rise in payroll taxes to finance medicare and increased social security payments would take effect. We took steps to meet the legitimate problem that did exist. Now that fear has largely receded and the principal concern seems to be that there will be inflation entailing risks to the expansion. This position must be examined and dealt with frankly. Are there solid grounds for these fears or, as *Fortune* magazine recently put it, has “the curve of business activity and the curve of sentiment about it parted company”?

In amassing the gains from our expansion, the Nation has brought unemployment down from 6.8 percent to 4.3 percent. We have raised industry operating rates from about 78 percent to some 90 percent of capacity in recent months. In so doing, we have brought our economic performance far closer to our rising economic potential. These welcome developments are the fruits of efforts which have been zealously pursued. Are they to become bitter fruit, giving rise to inflation and the loss of our expansion?

What is the situation?

The situation is that private demand is increasing at a healthy rate and defense expenditures are rising because of Vietnam at a time when the gap between demand and the availability of manpower and unused capacity has narrowed to the lowest point in this 57-month expansion.

Defense Department spending currently accounts for less than 8 percent of our total output, and the current levels of the buildup will mean no appreciable change in that percentage. During the Korean war period, by contrast, military spending necessarily zoomed from 5 percent to 13 percent of a much smaller gross national product.

There is still some room to absorb that spending through the fuller use of our current resources. For instance, unemployment is still significantly above the levels that we feel represent a realistic noninflationary target for our economy.

Much larger elbow room is assured by the growth in our productive capacity. There is the prospect of large annual net additions to the labor force averaging 1.5 million each year. There is underway in both the public and private sector the most massive effort ever undertaken to attack the problem of structural unemployment, involving the training and retraining of young and old and those whose skills have been outmoded or never properly developed to take a more useful and efficient role in our economic society.

Furthermore, industry is already adding to capacity at a rapid rate, and most industries are ready and able to expand production substantially, even with present facilities. The McGraw-Hill reports last week of projected plans for 1966 expenditures for plant and equipment were reassuring. In no sense do they add up to a nonsustainable rate of expansion or modernization or an inflationary strain on the capital goods industry such as characterized 1956–57. The bulk of the new capacity seems to be going to the right places—to those industries where operating rates are highest.

Thanks to rigid Federal expenditure control in fiscal 1965 and 1966, our budgetary deficit position was rapidly approaching a balanced condition until the additional expenditures of the conflict in Vietnam intervened. At present tax rates, we can look forward to a revenue growth of some \$6 billion to \$7 billion or so a year as the economy grows in line with its potential—revenues which can be allocated to meeting increased budget requirements.

There are also several restraining factors on the economic horizon, including not only the rise in payroll taxes I mentioned earlier, but the runoff of steel inventories and the less than exuberant outlook for housing.

In the price sector, some disturbing signs have appeared. The last year has seen more of a tendency for price increases to outweigh declines than any year since 1958. Industrial wholesale prices have risen by 1.5 percent in 12 months after 6 years of comparative flatness. Consumer prices are 1.7 percent above a year ago, as compared with yearly increases averaging 1.3 percent since 1958.

In summary, the situation calls for confidence in our capacity to adjust to increased demands upon our economy. But, at the same time the situation requires us, both in the public and in the private sector, to recognize that the margin for error is much smaller and the need for responsible action is much greater.

What are some of the elements of responsible action?

The situation requires that we forego further tax cuts until some more opportune time when the stimulation that would result from increased private consumption and investment will be more appropriate. Fiscal dividends from our economic growth in the form of tax cuts seem, for the present, to be a casualty of the increasing requirements for the defense of freedom in Vietnam. A favorable change in that situation might call for a review.

Responsibility also requires a budget that will enable us both to meet our domestic objectives and our international commitments without fostering inflationary pressures. It requires a budget that, without neglecting national needs, seeks to finance new programs from savings on old ones to the maximum extent possible. It requires a budget that achieves all possible savings to offset greater defense needs by eliminating or reducing low priority civilian programs, and by stretching out or deferring the impact on spending of some of the new and proposed civilian programs—without delaying basic authorizing legislation or otherwise unduly impairing important, but longer run objectives.

It requires, in short, the kind of budget that President Johnson is going to give us: a budget that reflects both the most stringent kind of fiscal discipline and the most effective response to essential national needs.

Some are not content to tackle any present or potential risks of inflation with that responsible kind of fiscal policy. They advocate abrupt restrictions on the expansion of money and credit to restrain the growth of demand, and would invite sharply higher long-term interest rates. This would be a substantial change in our policy mix of the last 5 years and amount to a new ball game. It would raise in the minds of our producers and consumers serious questions about whether or not to continue to buy and expand in the light of increased cost of money and tightness of credit.

The important point is that no sufficient evidence has yet developed to justify this kind of treatment of the price situation or of the supply-demand relationship by cutting back on demand rather than emphasizing efforts to expand supply. To restrain demand at this time would be to admit that the continued growth of the U.S. economy in amounts comparable to the advances of the last 2 years is beyond our resources. In those years our pluses and minuses have added up to a generally smooth and well-phased expansion of about \$10.5 billion a quarter in our GNP. The pluses and minuses that are in prospect, according to the analyses of most of our economic forecasters, public and private, do not suggest a marked deviation from that pattern in the next year, either upward or downward. Is it too much? I believe the answer is, and should be, "no."

I would urge that from here on our priority objective should be to achieve that growth without increasing pressure unduly on reserve capacity. To do so we must increase our efforts to provide the capacity to absorb that growth so that the risks of pressure on prices and of aggregate demand on productive capacity are minimized by increases in supply rather than restraint of demand.

We must intensify our attack on structural causes of unemployment by more job training and retraining, a better organization of the labor market, and the decasualization of many types of seasonal or part-time employment. We must use every effort to increase productivity and hold down costs. In that effort, we must not forget the lessons of the 1950's—that the steady gains in productivity required to absorb increases in wages and other costs rest on steady growth and output—that the investment required to enhance efficiency, cut costs, and assure ample capacity over the longer run is dependent on the combination of steadily expanding markets and profits.

And to digress for a moment, we hear again a refrain that a solution to the balance-of-payments problem can be found in tight money and higher interest rates. Presumably proponents of this approach must be referring to rather drastic measures since that is what would be necessary to bring into equilibrium the interest rate levels that characterize the U.S. economy and other capital markets.

Let me also remind you that twice before the Federal Reserve has raised its discount rates—one-half percent in the summer of 1963 and one-half percent in the fall of 1964—to deal with balance-of-payments problems. We have clearly not overlooked this instrument. But our rises were followed by rises abroad and the gap remained, and in some important areas widened. Only a few months after the second increase it was necessary to request voluntary action to restrain an accelerating outflow of capital from our banks and nonbank financial institutions. As my predecessor, Douglas Dillon, several times pointed out—as early as Rome in 1962—the problem of disparity between interest rates and capital

availability here and abroad is rooted in rates abroad that are far too high, and in the woeful inadequacies of foreign capital markets. This kind of substantial disequilibrium cannot be eliminated or reduced to manageable proportions under present circumstances by any monetary action at all consistent with our domestic needs.

May I suggest that the zealous exponents of the use of monetary policy to achieve a better balance among international interest rates have a fertile field for missionary work in Western Europe. We should not play the game of the dog chasing its tail to the point of severely damaging our economy and risking a recession. It makes no sense to raise persistently our interest rates to a point where they may conflict with the maintenance of our domestic expansion and yet not provide a real solution to our balance-of-payments problem.

But in no sense is this the end of the discussion. In any marriage or partnership, there comes a time for frank talk. That time has now arrived in the partnership between business and Government—if we are to maintain our excellent record of price stability, which must continue to be a key element in sustaining the current expansion, as well as in bringing our balance-of-payments deficits to an end.

There is a particular danger today—when we are engaged in war in Vietnam at a time when margins between supply and demand have narrowed, in hasty and ill-considered action in wages and prices—a misguided effort to exploit present markets for short-term individual advantage at the inevitable expense of damaging the prospects for future markets and for healthy growth for all.

I would like every single businessman who is now contemplating or who may be contemplating in the future an increase in price to stop, look, and listen. Do changes in his unit costs and profit trends justify that action or permit him to hold steady? Or do gains in productivity and lower costs offer an opportunity to lower prices, broaden markets, and increase sales?

The wage-price guideposts of the Council of Economic Advisers point out the kinds of policies that serve the public interest in this sphere, but they can do no more than point out. It is business and labor that must carry the burden of responsibility.

The man who unnecessarily raises prices today or fails to take advantage of opportunities to cut costs and reduce prices will only add to other producers' costs tomorrow. That is a cycle that we must stop before it starts.

Everyone in the business and financial community, and in labor organizations, and everyone concerned with wages or prices, should look beyond their own personal and professional responsibilities to their very real, and much broader common responsibility toward the economy at large.

That standard would be true in any season or year. But the need for responsible action of this nature is particularly acute in the period ahead against the background of smaller margins of unutilized labor and production capacity and the especial responsibility that the situation in Vietnam places on every American.

Today's prosperity reflects a combination of sound fiscal and monetary policies, intelligent business planning, and responsible restraint by business and labor in making wage and price decisions.

The future is in our hands—Government, business, labor, and the public. It is not in the private interest and it is contrary to the public interest to gamble with that future for the sake of immediate, and very possibly temporary, gain.

In conclusion, I do not see before us any economic problems in sustaining our economic advance which we cannot handle—and without abandoning the essentials of the policy mix that has served us so well thus far.

Our task is simply to prove that we can stand prosperity. I have no doubt that we can and will, if we remember that the one thing which prosperity cannot stand is to be taken for granted. It must, on the contrary, be earned anew every day, every week, every year, earned by the continued cooperative effort of business, labor, and Government. For it is that effort—and not some phantom force—that determines how well our economy performs.

Once again we are approaching a crossroads of national decision. There are those in the private sector—in both business and labor—who would abandon this time-tested policy mix which has served so well as the basis of the working partnership between business, labor, and Government and has given the Nation 57 months of uninterrupted and unparalleled prosperity. If it should be abandoned, what is to be used as a replacement? Old formulas that have not worked? New formulas that have not been thought through or grounded on a new consensus? Or the chaos of divergent policies that add up to no policy at all? The real question is: Why give up a winning combination? My answer is let's not throw it away.

Exhibit 15.—Statement by Secretary of the Treasury Fowler, February 3, 1966, before the Joint Economic Committee, on the economic situation and fiscal policy for 1966

We meet today in economic circumstances of rather different complexion from those of a year ago or any of the past several years. At home our work force, more productive than ever, is also more fully employed than at any time in nearly a decade.

Adding to the increasing demands of our own people for more of the fruits of our highly productive economy is our firm commitment to the defense of freedom of Vietnam, which places a high-priority claim on our human and material resources. Rather than stimulate the economy further, it is now the broad task of Government economic policy to take in some sail. We have become more concerned with economic overheating than with the shortfalls of demand that marked most recent years.

Our international economic position has taken a decided turn for the better—and we expect that it will do still better in this current year. Yet here, too, our progress in meeting older problems has tended to uncover new ones—in this case the need to move ahead with improved machinery to cope with the international financial problems we will face in the future.

With the President's Economic Report now before you, there is no need to recount in detail the economic accomplishments of 1965. A few highlights will serve to make the point.

In this fifth full year of business expansion, real output gained 5½ percent. During the year, industrial production climbed 7.4 percent; about 2.5 million more workers found employment, and the unemployment rate fell from 5.0 percent at the end of 1964 to just 4.1 percent of the civilian labor force at the end of 1965. In early 1961, when the current economic upswing was just getting underway, the unemployment rate reached a high of about 7 percent.

No stronger witness is needed to the success of earlier policies. The stimulus of carefully planned reductions in tax rates, working in tandem with a moderately expansive monetary policy, and blended with a range of Government programs addressed to more specific economic problems, has helped produce a 5-year economic rise of enormous scope. Our real growth rate during the expansion from early 1961 through 1965, 5½ percent annually, can stand proudly beside the record turned in by other industrial countries. And it far overshadows our own frustratingly slow growth during the recession-pocked 1950's.

Yet the very success of earlier policies has brought into range a different set of problems and hence of near-term policy objective. On the whole, our long economic expansion has been remarkably free of price increases, but in the past year there has been greater upward pressure—understandable in light of our own closer approach to capacity operations and full employment—but nevertheless most unwelcome.

Amidst all our progress toward greater economic well-being, however, there remains a residue of older problems, ameliorated, but not solved, by gains in the economy at large. Unemployment among nonwhites, for example, has declined but remains about double the rate for whites, and it is surely too high.

Too many pockets of poverty remain; perhaps their number and extent are less than before, but their very existence is the more glaring in view of the general economic advance. And even among the employed, and among the many who are above the poverty threshold, there is much more they can contribute and gain in the framework of a healthy expanding economy.

It is the overall economic picture to which general Government financial policy must be addressed, however, and that picture is clearly changed. The key factor calling for a different policy approach is our commitment in Vietnam—but I would emphasize that we had a very solid economic upswing in progress well before the buildup in our Vietnam effort that started this fall. It was an upswing that resoundingly demonstrated the logic of the reductions in tax rates of the last few years.

In this current fiscal year, for example, our income tax—even with its lower rates—will bring in substantially higher revenues than ever before because of the higher income base. The investment tax credit enacted in 1962 and improved in 1964, and the steps taken in 1962 and 1965 to liberalize depreciation have also borne fruit, stimulating a level of investment that not only contributed to overall economic activity and productivity, but also added to our productive capacity, so that our economy could expand without generating excessive inflationary pressure.

Industrial capacity is being more fully utilized than at any time in the past

decade, but overall, we have the potential to meet both our commitments in Vietnam and our economic demands at home. I am convinced that the fiscal measures of the last few years to encourage investment deserve a good share of the credit for this.

Taken together, the stimulative effect of tax reductions on the economy has been such that tax revenues in the current fiscal year, apart from the effect of our new recommendations, are estimated to be \$21 billion more than in fiscal year 1961, despite tax rate reductions that have cut the burden of taxes by some \$20 billion at this year's income levels—more than twice the revenue increase in the preceding 5 years when there were no substantial tax reductions.

Now, however, with the economy already moving in high gear and our Vietnam commitment superimposed on robust private demands, there is a clear need for a shift away from the stimulative policies of the past few years. An obvious first step is that additional "fiscal dividends" in the form of tax cuts must be put off for the time being. This was already apparent several months ago, before our new budget for fiscal year 1967 began to take solid shape.

Moreover, in mapping out that new budget, and in modifying our posture for the balance of fiscal 1966, it is clearly not sufficient merely to come up with a 1967 deficit that is no greater than that of 1966. With private demands running stronger, the flexible exercise of sound fiscal policy means that the Government's posture should be more restraining.

This is precisely what underlies the President's request for an acceleration of revenues in the balance of this fiscal year 1966 and fiscal 1967. The principle behind this tax program is to take actions that can be put in effect quickly and that do not make basic changes in tax programs already enacted. For corporations and individuals there is no change at all in final tax liabilities, but only a speedup in the payment of taxes against the currently accruing liabilities.

The proposed 2-year postponement in certain excise tax reductions which Congress had previously scheduled for graduated reduction follows through on the standard adopted by the Congress to govern these excise taxes—that their reduction be scheduled so as to be of particular benefit to the economy as they take effect. Their reduction now would be stimulative when stimulus is not needed; their reduction later will come at a time when it is more likely that stimulus would be welcome or appropriate.

Altogether, these tax measures will be withdrawing an extra \$2.9 billion in cash payments during calendar 1966. Coupled with the most rigorous pruning of expenditure plans consistent with meeting our urgent commitments abroad and at home if enacted promptly they will substantially lower a budget deficit in fiscal 1966 and lead to a budget deficit of just \$1.8 billion in fiscal 1967. On a cash basis, the proposed budget would produce a surplus of \$500 million, while on a national income basis there would be a deficit of about \$500 million.

The estimated deficit for fiscal 1966 are: administrative, \$6.4 billion; cash \$6.9 billion; and national income, \$2.2 billion—not far from the averages during the current expansion. But now with the need to shift in the direction of fiscal restraint, the administrative deficit will be reduced by about \$4½ billion during fiscal 1967 and the cash and national income budgets will be coming into approximate balance over the same period.

Some critics have called our tax proposals one-shot remedies. Indeed they are. None of us knows the duration and extent of our commitment to the defense of freedom in Vietnam. We earnestly hope that our objective can be achieved quickly. In that case our one-shot measures are quite appropriate.

But if it turns out that our needs in Vietnam are of longer duration, then the meeting of that commitment will take first claim on the fiscal dividends deriving from an expanding tax base in fiscal year 1968. And if our Vietnam needs are greater in magnitude than is currently contemplated, or should unforeseen inflationary pressures develop, then further fiscal measures will be requested.

This is the course of maximum flexibility—requesting some moderately restraining measures, appropriate to the tasks at hand, and that can be put into effect quickly, while standing alert to ask for whatever further actions might be needed as circumstances unfold.

Developments in the credit markets during 1965 reflected stronger demands from a variety of sources, centered in the private economy, while the central bank followed a somewhat less accommodative policy. Thus, while we had record flows of funds through the markets, in support of the record level of economic activity, these funds moved at higher rates of interest.

For short-term interest rates the rise during 1965 represented a continuation of the upward trend that has proceeded over the last several years from the low point

in the 1960-61 recession. For longer term rates, the rise after mid-1965 was the first significant upturn in the extended period of business expansion that began in 1961.

Through most of this period, long rates were little changed despite rising demands for long-term money, because ample savings flows were augmented by the enormous efficiency of our financial institutions in placing relatively short-term deposits in long-term employment. The higher long-term rates of the past year emerged as demands for long-term credit accelerated further.

Against the background of less receptive credit markets, Treasury debt management in the past year faced a difficult task even though the Treasury's net cash borrowings were relatively modest; indeed, with the Federal Reserve and Government investment accounts adding significantly to their holdings of Treasury debt there was actually a decline in the volume of Federal debt in the hands of the public during calendar year 1965.

As the year progressed, the prodigious value of earlier advance refunding operations was increasingly apparent. Those operations, including one completed very successfully in January 1965, lightened the task that remained to be accomplished later in the year, and built up a reserve that we could draw on in subsequent debt operations. That cushion cannot be drawn on indefinitely, however, and in our current refunding we are taking advantage of an opportunity to lighten the refinancing tasks awaiting us next spring and summer.

We see our savings bond program as another area of prime importance to debt management. A higher rate on these savings, and a planned invigoration of the savings bond sales program, is expected to play a significant part in achieving our overall economic objectives in 1966. Indeed, in addition to the higher rate which will be announced shortly, we are exploring intensively the feasibility of several new types of special appeal to the 8 million participants in the industrial and Government payroll savings bond programs and to new participants as well.

It has also become increasingly clear over the past year that Treasury debt management, and other official financial policies, require close coordination with the multitude of other Federal credit activities. To a growing extent, Federal credit programs are expanding their reliance on the private sector for financing, rather than use Treasury financing as a permanent crutch.

In view of the great variety of different programs involved here, and the increased level of activity, an effort is now being made to centralize the bulk of these asset sales so as to achieve the best marketing terms and maximum coordination with overall financial policy. Like debt management and fiscal policy, monetary policy also has a new environment to work with during this period. In view of recent events, I believe it would be more appropriate for this committee to hear directly from the monetary authorities on this important topic.

As the President stated last December 5:

"* * * I will continue to do my best to give the American people the kind of fully coordinated, well-integrated economic policy to which they are entitled, which has been so successful for the last 58 months, and which I hope will preserve the price stability so necessary for America's continued prosperity."

In 1965, we developed some cracks in the excellent record of cost and price stability that has characterized the current economic expansion. Consumer prices rose 1.7 percent over the past year, a slightly greater rise than the gradual increases of other recent years which averaged about 1.3 percent. In wholesale prices, we saw virtual stability from 1958 to early 1965, but then a 3.4 percent rise by the end of 1965.

These increases are still quite mild, and of limited duration as of now, compared either with U.S. experience in the mid-1950s, or the more recent experience of practically every other country in the world—but even a mild rise is not welcome and is a cause for concern.

We are well aware that any complacency toward mild increases in costs and prices is an open invitation to more persistent or larger increases, and this we cannot have without endangering an enviable record of substantial economic growth at home with relative price stability, declining unemployment, and progress toward balanced international payments.

The attainment of nearly full employment means that our efforts to maintain stable costs and prices must be even greater than before. This calls for a combination of coordinated policies. The framework of fiscal and monetary policy is already in the process of shifting away from the stimulative leaning of recent years. But greater effort is needed on the cost and price side, too. "Responsible

restraint" whether urged upon business, labor, or Government, is meant to be more than a catch phrase. I believe it can work.

But as the President pointed out in his January 27 economic message to Congress, the—

"extent of the fiscal or monetary restraint that will be needed to avoid inflationary pressures will depend directly on the restraint and moderation exercised by those who have power over wages and prices."

Turning to another subject, our progress in the balance of payments.

The United States made a giant stride last year in its march toward balance-of-payments equilibrium. Between 1960 and 1964, we reduced our overall deficit, in uneven steps, from \$3.9 billion to \$2.8 billion. In 1965, it was cut to \$1.3 billion, the improvement exceeding the total progress of the previous 4 years.

While the data for 1965 are still incomplete, it appears that this gain was achieved despite some setbacks on particular items. Our trade surplus, for example, was down about \$1.9 billion and our tourist deficit widened by about \$200 million. Direct investment by U.S. corporations rose by roughly \$900 million for the year and was only partly offset by a \$500 million increase in direct investment income. Moreover, purchases of U.S. securities by foreigners were offset by liquidations of securities and other U.S. assets totaling over \$500 million by the U.K. Government.

How, then, was such outstanding overall progress made in 1965? The voluntary restraint program, announced by the President just a year ago, deserves the lion's share of credit. Its impact was felt first, and most dramatically, in the field of bank credit. Outflows of short- and long-term bank credit were reduced from \$2.5 billion in 1964 to virtually nothing in 1965. As for nonbank capital, excluding the direct investment flows which did increase, we moved from an outflow of almost \$1 billion in 1964 to an estimated inflow of around \$300 million last year.

More than half of this improvement came from repatriation of liquid funds by corporations in response to the voluntary program guided by the Commerce Department. Operating alongside the voluntary program, the interest equalization tax—strengthened by the Congress and extended to July 1967—continued as an integral and effective part of our overall effort.

In early December, the administration announced its balance-of-payments program for 1966,¹ continuing the measures initiated in February and intensifying the effort to moderate corporate direct investment abroad.

On the assumption that our trade surplus, in the absence of special factors, will improve in 1966, and in the expectation of smaller direct investment outflows, sustained success in other areas covered by the voluntary restraint program, continued vigilance on Government expenditures abroad, and the cessation of the large United Kingdom asset liquidations—we believe we can achieve equilibrium in our international payments—\$250 million on either side of balance in this year.

The importance of reaching equilibrium is vividly brought home by the fact that last year, despite the smaller payments deficit, the United States lost \$1,664 million in gold—the largest loss since 1960. Of this \$259 million represented our payment of 25 percent of our quota increase to the International Monetary Fund, which will be offset by increased automatic drawing rights on the Fund.

Much of the remainder of the loss was attributable to the large deficits we incurred in previous years, as foreign countries used their dollar accumulations to acquire gold. The rate of gold loss fell steadily throughout the year; \$832 million in the first quarter, before the President's voluntary program had taken effect; \$589 million in the second quarter, including the IMF payment of \$259 million; and then, because of the encouraging situation in our balance-of-payments picture, only \$124 million in the third quarter, and \$119 million in the fourth quarter.

The fact that so much of last year's gold drain went to a single country—nearly \$900 million to France—coupled with the fact that the rate of drain dwindled as the year progressed and our payments position improved, make it clear that there is at present no general lack of confidence in the dollar. The reverse is certainly the case.

We must make sure this confidence continues. If further action is necessary to bring our payments into equilibrium in 1966—either because circumstances change or our present expectations of success are unjustified—such action will be taken.

¹ See exhibit 42.

We look forward, of course, to the day when the restrictions necessary today can safely be removed. None of us wants to keep these trappings of constraint any longer than necessary. But we do have to be reasonably confident that the underlying conditions for sustained balance are met, and this will require continued effort on our part and on the part of others as well.

Given price stability at home, the ingenuity of our marketing and scientific community, and the energy of our businessmen, I am sure that over the long run our trade surplus will widen—and this will help.

Given the high level of overseas direct investment by our corporations in recent years and the sizable level still permitted under the new Commerce Department guidelines, I am confident that investment income will grow—and this will help.

Given passage of the foreign investors tax bill we will have created a domestic climate more conducive to foreign portfolio investment here—and this will help, too.

But over and above these, there must be a greater understanding by all industrial nations that the task of sustaining meaningful equilibrium—over the long term—requires adjustment by both surplus and deficit countries. Obviously, we simply cannot all be in surplus at once. We are unlikely all to be in equilibrium at once.

Before turning to a discussion of international financial arrangements, I wish to take note of your request that the advantages and disadvantages of wider permissible limits of exchange rate variation be examined. The Treasury has begun such a study and will carry it forward in consultation with other agencies. We hope to be in a position to make our conclusions available to the committee during this congressional session.

Now, a word about international financial arrangements.

There is no need to remind this committee that our progress in correcting our own balance-of-payments deficit gives added urgency to the problem of strengthening the international payments system. The committee and its members have made substantial and highly useful and influential contributions to the now nearly universal recognition of this need.

As international trade and payments continue to expand, we need to provide for the appropriate growth of world reserves. The dollar will no longer be supplying the rest of the world with increased monetary reserves as it has in the past.

You will recall that I visited many of the capitals of Europe last summer to impress upon my colleagues in the finance ministries the importance which this Government places upon timely preparation for the period when some additional form of international monetary asset will be required. The President's Economic Report reviews this question again this year and points out that progress is being made. We have moved from the discussion stage to the negotiating stage, and are coming to grips with some specific proposals.

Two major lines of approach have received serious attention in discussion and negotiations over the past year. One involves the gradual expansion of automatic drawing rights in the International Monetary Fund. A second approach involves creation of a new reserve unit to supplement the dollar as a part of available liquidity. Participating countries would put up their own currencies as backing for the new units and would undertake to accept the units under agreed procedures in international monetary settlements.

At the moment, negotiations are proceeding actively among the Group of Ten nations that are of major importance in international financial arrangements. Within the past few days, the U.S. representatives at the Group of Ten, headed by Under Secretary of the Treasury for Monetary Affairs Frederick Deming, who is at my left, have introduced certain proposals for consideration by the Group which reflect some of our basic thinking and which entail a combination of drawing rights and new reserve units.

I would not be so rash as to predict when some measure of agreement may be reached, or precisely what form it will take, but it is encouraging that these negotiations are going on, and are tackling the underlying issues.

When the Group of Ten countries have reached agreement on general lines of approach this will mark the first phase in realizing an improved system. A second phase will be needed to insure that the interests of countries not among the 10 are fully heard and weighed. The third phase will be to achieve adoption of a satisfactory plan by the governments concerned.

The potential for growth in production and trade, which has been so dramatically demonstrated in the postwar period, must not be constrained by inadequacy of world liquidity. Once we have agreed on satisfactory means of providing for the appropriate expansion of reserve assets, providing flexible

responses to changing needs, and providing proper safeguards for our own best interests (including appropriate provision for the role of the dollar), we shall have set the foundation for a significant improvement in the international monetary system.

In conclusion, I feel compelled to observe that the path of progress consists inevitably of substituting one set of problems for another. In the economic sphere, some of the problems emergent today are a bit more welcome than those that beset us for the last few years.

Domestically, the more immediate danger is one of overexuberance and upward pressures on costs and prices, rather than unemployment and shortfalls in activity. On the international payments side, we are well along the road to eliminating our own payments deficit, but we have the rest of the way to go; and we have seen that as our own deficit is reduced we bring to the forefront the adjustment problems thus placed on the rest of the world, and the potential strains on international liquidity.

If these problems are less unwelcome than their predecessors, it does not follow that they are any more easily solved. Yet, I believe these challenges, too, are within our capabilities.

Mr. Chairman, that concludes my original statement. I know it is trespassing a little bit upon the time noted, but, with the permission of the Chair, I have a supplementary statement.

Chairman PATMAN. You may proceed. That is the statement you mentioned at the beginning of your testimony. Go ahead.

Secretary FOWLER. In light of some of the developments that have occurred during the course of the last 2 days of hearings before this committee I have prepared a supplementary statement, copies of which are now available and have been distributed, and which I will now read.

SUPPLEMENTARY STATEMENT OF SECRETARY FOWLER

During these hearings, members of the committee have expressed their concern about the threat of inflation. The administration shares that concern. Its actions on the Government employee pay raise in August, the steel settlement in September, and the aluminum, copper, and steel price situations this past fall, as well as its current budget, bear witness to this concern.

There are those who propose that the administration come forward now with a program to enforce much harsher restraints on the economy than those now in effect or proposed in the President's budget. The administration disagrees with the premise that more needs to be done now. However, it welcomes the putting forward of any specific proposals since they may add to the range of contingency planning in which it, itself, is engaged. Indeed, it suggests that the House Ways and Means Committee—or this joint committee—study, review, and recommend the type of tax increases which would be most suitable if inflationary pressures require additional fiscal action.

First, let us be very clear as to the position of the administration in the uncertainties that the situation in Vietnam makes inescapable. The President has given to the Congress an unqualified commitment that:

"Should unforeseen inflationary pressures develop, I will propose such fiscal actions as are appropriate to maintain economic stability."

He has pointed out that:

"The extent of the fiscal or monetary restraint that will be needed to avoid inflationary pressures will depend directly on the restraint and moderation exercised by those who have power over wages and prices."

This is our answer to those who ask, "Will the Government go for tax increases later this year?"

Second, the administration does not believe it is wise to impose measures of restraint on the economy in addition to those in effect or proposed in the President's budget and Economic Report unless or until the "unforeseen inflationary pressures" develop.

We have seen too many expansions turned into recessions by slamming down too hard on the brakes. We have seen too much unemployment and underemployment too long to cut back drastically and unnecessarily on private demand to provide purposefully an idle reserve of manpower and capacity. We advocate a course of moderation and balance in dealing with any danger of economic excess, as we have advocated moderation and balance in curing economic deficiency.

The national economic objectives as set forth in the Employment Act of 1946, under which this committee functions, provide that:

"It is the continuing policy and responsibility of the Federal Government to use all practicable means * * * for the purpose of creating and maintaining, in a manner capable to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power."

This administration includes price stability as a goal to be sought along with these more particularized objectives of full employment and a healthy rate of growth. It believes that there is a fundamental compatibility of these three objectives and that in seeking one of them it is unwise to sacrifice the others. If one objective, such as price stability or full employment, is sought with the utmost rigor without concern for the others, this is not wise national policy.

Of course, from time to time very special situations may force one economic objective to move ahead of the others. It is quite conceivable that the threat of an inflation of such size or duration might cause stabilization of the price level to be given top priority. These black and white situations seldom occur. The more usual task is to seek price stability, growth, and high employment simultaneously and in a reasonable degree.

The challenge today is to find the mix of monetary, credit, and fiscal measures best designed to achieve all these objectives, recognizing that public policies will not be adequate if some groups who enjoy and exercise substantial market power choose to push up or maintain prices or wages at unwarranted levels.

Against this background let us look at the present situation objectively and carefully with a concern that we press toward all these goals rather than become preoccupied with a single one. In this calendar year 1966 restraints which did not characterize 1965 have already been imposed upon the economy. Beginning in January an extra \$6 billion a year in social security and medicare taxes is being withdrawn from private purchasing power to flow into the trust funds. This was not true of December 1965, or November, or October.

In December 1965, the Federal Reserve Board announced two actions designed, in its words—

"to dampen mounting demands on banks for still further credit extensions that might add to inflationary pressures."

The full effect of these actions, which take a considerable period of time to be felt, is yet to be ascertained.

The new tax proposals recommended by the President, if adopted by March 15 as he urged, would withdraw from private purchasing power an additional \$2.9 billion during calendar 1966.

The shift in the budgetary situation from substantial deficits in fiscal 1966, brought on by the response to the challenge of Vietnam, to surpluses or minor deficits in the administrative, cash, and national income account budgets has been made possible by expenditure reductions coupled with the new tax proposals.

Coming onstream in 1966 are vast quantities of new industrial capacity which are the fruits of investment made in recent years. Coming into the labor force are a million and one-half additional new entrants from the younger age group and, in addition, many hundreds of thousands are being given the benefit of manpower training to better equip them to fill the needs of the labor market. And, of course, the dwindling rate of unemployment is stimulating renewed effort in the private sector to train and better utilize the available labor force.

Given all these new factors, the wise course of balance and moderation in pursuing continued growth, a higher rate of employment and relative price stability would seem to call for determining how the economy reacts to this new mix of relatively moderate restraints before adopting without apparent present reason the far harsher measures—presumably increased tax rates, direct price and wage controls, and much tighter monetary restraint.

Exhibit 16.—Statement by Secretary of the Treasury Fowler, April 21, 1966, before the Chamber of Commerce, Appleton, Wis., on expenditure policy in 1966

Both as Under Secretary of the Treasury and now as Secretary I have tried to make it a practice, in dealing with the great economic issues that have come before the Nation, to do all I can to avoid the paths of narrow partisanship and, instead, to help open new and broader avenues for bipartisan cooperation in achieving national economic objectives on which there is general agreement.

So I feel that by being here tonight in Appleton, where I have been told one can stand on the main street corner for weeks and never catch sight of a Democrat, I am carrying on the good work.

Indeed, it has been my pleasure and privilege during my years at Treasury to work very closely with distinguished Wisconsin representatives in Washington—men of different political persuasions who have played large roles in shaping the important national economic and financial legislation enacted in recent years—Congressman John Byrnes, who is the ranking minority member of the House Ways and Means Committee, and Senator William Proxmire, who is a member of the Joint Economic Committee of the Congress as well as of the Senate Banking and Currency Committee, and Congressman Henry Reuss, who is a member of the Joint Economic Committee and the House Banking and Currency Committee.

I know that this informed audience is thoroughly familiar with this economic and financial legislation of the past 5 years, as well as with the policies of which they were so integral a part and with the unparalleled economic progress to which they gave so great an impetus.

But engrossed as we all are with the imperative present need to avoid the danger of economic excess, we may sometimes tend to forget how deeply we were mired, 5 years ago, in economic doldrums and how difficult was the task that lay ahead.

The decade of the sixties—the “soaring sixties” some had predicted—had scarcely begun when we fell into our fourth postwar recession. We looked back upon the decade of the fifties and saw little to fire our hopes for the future. To look back, in fact, was only to become painfully aware that each of the three prior recessions had been followed by shorter and weaker recoveries, and that the previous recession had produced what still remains the largest peacetime budget deficit in our history. Unemployment was intolerably high, 6.9 percent in February 1961, the recession trough. Business investment had for years failed to maintain anything like adequate levels of growth, and remained far less than we needed to generate more vigorous economic growth: industrial plant and equipment, in February 1961, was operating at only 78 percent of capacity, compared to the optimum rate of 92 percent desired by most businessmen.

The question before us was how best to revive our economy and restore its capacity for strong and sustainable growth. We had essentially two choices: whether to increase Government expenditures or to reduce taxes—whether to rely, in other words, upon the renewed energies of the private sector or upon expanded Government activity.

We chose, as you know, to reduce taxes and to restrain the growth of Federal expenditures, for we were firmly convinced that the private economy simply could not do its job unless it were sufficiently freed from the burden of excessively high wartime tax rates—rates originally applied to restrain the strong inflationary pressures that accompanied wars and national emergencies.

Through the investment credit of 1962, the depreciation reforms of 1962 and 1965, the Revenue Act of 1964—and to some extent through the excise tax reductions of last year—we moved to diminish the burden of wartime tax rates upon the private economy and thus to furnish it with renewed opportunity and fresh incentives to help meet our basic economic needs.

The results are familiar to us all: our real gross national product has risen without interruption and at an average annual rate of 5 percent since 1961. Our rapid rise in new industrial capacity has been matched by a sharp reduction in idle capacity. Our unemployment rate has fallen below 4 percent. Productivity has grown significantly and profits, incomes, and wages have risen substantially.

But I come here today not to recite the brilliant economic success story of the past 5 years—you know that story as well as I, for you like all Americans have been reading it over and over again in the glowing annual reports of our companies and corporations, in the fuller pay envelopes of our wage earners, in the higher standard of living enjoyed by nearly all Americans.

I come to discuss a far less familiar, if extremely important, accomplishment of the past 5 years—the quiet but crucial revolution that has occurred in Federal expenditure control policy.

There has been intensive public discussion of the part that tax policy can play in stimulating or restraining economic activity. Indeed, I think it impossible to overestimate how far the tax discussion and tax action of these past years has advanced our ability to forge a flexible and effective economic policy.

But in our intense concern with tax policy, we have tended to give very little emphasis to another aspect of fiscal policy which has also emerged during these years: I refer to expenditure control policy.

Of course, the utilization of increased Government expenditures as a means of dealing with a recession or a lagging economy has been one of the most discussed aspects of economic policies over the years since the Great Depression. I will not plough over that old ground here, although it still has important relevance to the future.

The new and more novel aspect of expenditure policy which deserves increasing examination is public expenditure control as an adjunct of fiscal policy. In at least two important and identifiable ways, which I will discuss in the course of this talk, the control of public expenditures can play an important role in stimulating economic growth without inflation or in restraining excessively exuberant growth when inflation threatens.

And I will also, of course, discuss the always important and basic objective of utilizing improved and more effective methods of public expenditure control to give the taxpayer a 100 cents value on every tax dollar expended and to assure that the public needs being served by that tax dollar are those which deserve the highest priority and result in the greatest benefits. In this sense, expenditure control is a continuing and primary responsibility of government.

Both from the increasing recognition of the importance of assuring stable and sustainable growth in the economy with reasonable price stability and from the increasing effort to assure that waste and inefficiency are curbed and that out of all of the competing public needs for the tax dollar the most deserving are served—from these realizations of recent years has emerged what I have termed a quiet revolution in the processes of expenditure control.

That revolution had its roots in the decision to generate strong and steady economic growth by reducing Federal taxes rather than raising Federal expenditures. Indeed, tax reduction implied expenditure restraint, since it meant an initial and temporary lag in the growth of Federal revenues.

I do not mean to suggest that the policy of coupling Federal tax reduction with Federal expenditure restraint was the creature of only one branch of Government, or of only one party, or that it emerged in full, formal regalia in early 1961. For the notion of a program of expenditure restraint as an important and explicit part of a program of tax reduction was something that grew over time—and in the development of which members of both parties in the Congress played a significant role. And no one made a more persistent and effective contribution to that development than your own Congressman, John Byrnes, in his position as ranking minority member of the House Ways and Means Committee.

As this audience undoubtedly remembers, the early sixties were scarcely propitious years for initiating a program of expenditure control: there was, for one thing, the urgent national need to raise our entire level of defense preparedness; there was, as well, the prospect of sizable increases in expenditures for expanding and accelerating our space program; and there was, inevitably, the rising cost of financing our national debt.

Over the first few years, therefore, we could not seek overall reductions in these areas of the budget, but we could—and the record reveals that we did—cut back on the rate of growth in all other expenditures of our budget.

In the fiscal 1961–64 period, for example, Federal expenditures other than those for defense, space, and interest on the national debt rose by some \$4.3 billion, or by under 18 percent, while over the previous 3-year period, fiscal 1958–61, under an administration that prided itself on fiscal prudence, expenditures in these same areas grew by almost \$4.9 billion, or by over 25 percent.

At the same time, we moved ahead with the first phase of our overall program of tax reduction taking two significant steps to spur new and more productive business investment without entailing any large loss of Federal revenues. These were the Revenue Act of 1962, whose key provision was the 7-percent investment tax credit, and the administrative liberalization of depreciation.

It was during the weeks and months of effort that went into shaping the Revenue Act of 1962—a joint effort exerted by both the Administration and the Congress—

that the notion of coupling any massive program of tax reduction with a rigorous program of expenditure restraint began to come into clearer and clearer focus. Indeed, I well remember the sometimes lengthy colloquies on this subject between myself and other members of the Administration and members of Congress of both parties—including Chairman Mills, Congressman Byrnes, and Congressman Curtis of Missouri—during discussions on the Revenue Act of 1962.

Thus, in proposing the tax program which found final form in the Revenue Act of 1964, President Kennedy pledged, and I quote, that: "As the economy climbs toward full employment, a substantial part of the tax revenue thereby generated will be applied toward a reduction in the Federal deficit."

In all of my advocacy of that tax reduction measure, I too tried to make clear that the policy proposed was a two-pronged one: tax reduction and expenditure control.

For example, in my first public statement on the measure in February 1963 I said:

"The program has two main elements: First, a substantial net reduction in Federal taxes * * * and; second, as the tax cut becomes fully effective and the economy expands in response, the allocation of a substantial part of the resulting revenue increases toward eliminating the transitional deficit."

The Congress endorsed that policy when it declared, in section I of the Revenue Act of 1964, that: "It is the sense of Congress that the tax reduction provided by this Act through stimulation of the economy, will, after a brief transitional period, raise (rather than lower) revenues and that such revenue increases should first be used to eliminate the deficits in the administrative budgets and then to reduce the public debt. To further the objective of obtaining balanced budgets in the near future, Congress by this action, recognizes the importance of taking all reasonable means to restrain Government spending * * *."

And President Johnson has more than redeemed that pledge by personally spearheading the most persistent and productive expenditure control effort ever witnessed in Washington.

And the results are remarkable. Federal expenditures for fiscal year 1964, when President Johnson assumed the responsibilities of the Presidency, were originally estimated at \$98.8 billion. The expenditure target for fiscal 1966, the third year of his service was fixed in January of last year at \$99.7 billion—less than \$1 billion higher than the original estimate for fiscal 1964.

Then, last July, events in Vietnam changed the picture, requiring additional expenditures of some \$4.7 billion. Other increases also occurred, increases both unforeseen and unavoidable, which totaled a net \$2 billion. These included \$740 million of military pay raises and an additional \$288 million increase in veterans pensions voted by Congress in excess of Presidential recommendations, a \$500 million increase in interest charges on the debt, and two further increases of \$500 million each as a result of payments required by law under the space and agricultural programs. All of these increases—which President Johnson could neither anticipate nor effectively control—more than wiped out economies realized by both administration and congressional action since the original budget estimate for fiscal 1966. And in doing so they obscured one of President Johnson's truly extraordinary accomplishments—the fact that, excluding these increases, President Johnson in nearly 3 years in office had held the total increase in administrative budget expenditures to less than \$1 billion over the amount originally estimated for the fiscal year in which he assumed office.

Compare this with the average increase in the budget of \$3 billion per year over the previous 10 years. View it in the context of the report issued in January of 1961 by President Eisenhower's last Director of the Budget, Mr. Maurice Stans, which pictured the outlook for Federal expenditures over the next decade. That report concluded that rising population and income, and the resulting normal growth in the Federal workload, would tend to raise nondefense expenditures in the Federal budget by \$2 billion—\$2½ billion a year throughout this decade. Look at what President Johnson has done against this background, and we begin to realize how really remarkable his accomplishment is.

Joined with rising Federal revenues from rising economic activity, the President's program of rigorous expenditure control has allowed us to meet urgent national needs while at the same time reducing the Federal deficit.

The record is clear: the 1964 budget submitted 3 years ago forecast a deficit of \$11.9 billion premised, in part, on major tax reduction. This figure was reduced to an actual fiscal 1964 deficit of \$8.2 billion.

Last year's budget contained an estimated deficit for fiscal 1965 of \$6.3 billion. This was trimmed down to \$3.4 billion.

The budget submitted in January of 1965 projected a \$5.3 billion deficit for fiscal 1966. As of June 30, this estimate had been cut to \$4.2 billion largely because revenues produced by the vigorous response of our economy to the tax cut exceeded our original estimate. Had it not been for the \$4.6 billion of additional defense expenditures resulting from Vietnam in fiscal 1966, the higher revenues flowing from our burgeoning economy would either have eliminated or cut much further that estimated deficit for the current fiscal year.

Had it not, in fact, been for the increases projected for Vietnam expenditures in fiscal 1966 and fiscal 1967 since the 1966 budget was originally submitted last January, we could have used the fiscal dividends furnished by this continued expansion to balance the budget in fiscal 1967 and still have had room for some increases in civilian expenditures, or for additional tax reduction, or for some reduction of the national debt.

As a result of all these policies which have proven so productive, we now have the economic strength and the fiscal resources—and the firm confidence these accomplishments more than justify—to carry on the fight for freedom in South Vietnam without abandoning our efforts at home. This was the real significance of the President's announcement in his State of the Union Message that the enactment of all his recommendations will entail a deficit in the administrative budget for fiscal 1967 of only \$1.8 billion—the smallest in 7 years—and will give us a surplus of \$500 million in the cash budget.

And this accomplishment is made all the more extraordinary by the fact that fiscal 1967 expenditures include an increase in the special costs of Vietnam of \$10.4 billion over the fiscal 1965 level—a \$5.8 billion increase in fiscal 1967 on top of an increase of \$4.6 billion in fiscal 1966.

Indeed, if you exclude the Vietnam program increase in both expenditures and revenues for fiscal 1967, the budget would show a rather tidy surplus of some \$3 billion—\$4 billion.

There could be no better testimony to the unrelenting rigor of President Johnson's efforts to control Federal expenditures than his success in obtaining results like these in the face of such severe difficulties. The success of any such campaign, as most of you in the audience know from your own business experience, depends upon insistent, intensive leadership—leadership that will allow for no letup and that will accept nothing less than maximum efficiency and maximum economy—leadership that requires constant and continual accounting from every responsible official on every program and every activity under his supervision. That is the kind of leadership that President Johnson continues to exert: the kind of leadership that has instilled in every Federal employee at every level of responsibility an acute cost-consciousness, and that engages his best efforts to seek out new ways to do the job better at less cost.

But the revolution in expenditure control which I have been describing involves more than the creation, under Presidential leadership, of a climate of cost-consciousness throughout the Federal Government. It involves the development, over the past few years, and the establishment, for the first time, on a Government-wide basis of a whole new system of procedures, standards, and techniques to furnish the kind of precise and pertinent data required for exercising intelligent control over Federal expenditures.

I will not now attempt to describe this system in any detail, for the details are complicated and it would take too long. But I would like simply to cite some of its more salient features.

Under this system, for example, every Federal bureau, every Federal agency, every Federal department must furnish a detailed breakdown of all its activities and programs—and expenditures for each of these—in terms of priorities, and reflecting the most up-to-date methods of cost-benefit analysis, which is simply a technical phrase that means making sure we're getting the most out of the taxpayer's dollar. What all this means, is that the President and the Budget Bureau in preparing the budget—and reviewing its operation throughout the year—can decide to expand or curtail expenditures from authorized appropriations, or to request Congress to allow expanded or curtailed appropriations, not in terms of some arbitrary decision, but on the basis of a rational analysis of program priorities and program performance. It means that the President and the Budget Bureau have constantly at their fingertips the kind of information they need to exercise a greater measure of continual control over any proposed expansions in the levels of the budget. It means also that they have the same kind of information concerning lower priority programs that could be eliminated or reduced. It means that the entire budgetary process becomes far more than an exercise in numbers as it reaches into the realities behind those numbers, as it involves a

constant and close analysis, in detail, of individual programs and activities in terms of their objectives and their costs.

It means, in short, that expenditure control becomes something more than an ad hoc, random exercise, something more than the imposition of arbitrary restrictions from without. Today, instead, expenditure control has become a built-in, on-going part of the entire operation of the Federal Government, continually at work as not merely a negative but a positive and creative factor in the continual effort to get the most out of every Federal dollar spent in terms both of effectiveness and efficiency and in terms of meeting our most urgent national needs. And today, far more than ever before, we are able to save where we can in order to spend where we must—for today, far more than ever before, we are able to identify and isolate those areas where we can most profitably save as well as those areas to which we can most profitably allocate our expenditures.

We see the results of this system in the budget for fiscal 1967, a budget in which, by a process of selective increases and decreases, the President was able to hold down the total increase in all budget expenditures other than the increase in special Vietnam costs to only \$600 million. This net increase of \$600 million includes both some substantial increases and some substantial decreases. It includes increases of \$3.2 billion for Great Society programs, \$800 million for higher interest charges on the public debt, and \$1.3 billion for unavoidable commitments such as construction already in progress. It includes decreases of \$1.6 billion in defense outlays unrelated to Vietnam, \$1.5 billion in savings through pruning lower priority programs, through management improvements and through the nonrecurrence of certain costs, and \$1.6 billion resulting from increased sales of mortgages and other financial assets and from the further substitution of private for public credit.

Thus, to talk about expenditure control solely in terms of expenditure totals is to tell only half the story—for we receive the greatest benefits from the President's insistent emphasis on cost reduction and program evaluation in the urgent new programs it enables us to afford through savings on those of lesser urgency and through greater productivity in existing programs.

I can personally testify to the effectiveness of this new system—and to the intensity of President Johnson's insistence upon expenditure control—by citing some of the more recent developments in my own Department.

Last July, with the shadows lengthening over Vietnam, the President called two meetings in which he personally developed with me and other members of his Cabinet and the budgetary officers of each agency his intention to restrict low priority expenditures and eliminate low priority programs.

On September 30 we submitted to the Bureau of the Budget our departmental estimates for expenditures in the fiscal year 1966. Shortly thereafter we received a Presidential request to hold expenditures to the absolute minimum and a Bureau of the Budget directive fixing an employment ceiling as of June 30, 1966.

As a result we identified \$102.5 million of prospective reductions for the remaining portion of the 1966 fiscal year. This represented a reduction of almost 7 percent in our estimates in September and was the figure included in the President's 1966 budget expenditures when the 1967 budget was presented in January.

On March 15 of this year the President asked for a further review as the end of this fiscal year neared to make sure that there was no slippage. This review indicated that we would achieve only \$90 million of our \$102.5 million reduction target.

In late March another meeting of bureau heads resulted in the identification of additional reductions of \$13.7 million, bringing the total \$1.2 million under the President's January estimates for fiscal 1966 and \$103.7 million below the Department's September estimates.

I should add that our departmental operating budget for fiscal 1967 was fixed by the President at a figure which represented an increase of less than 4 percent, most of which represented the financing of activities transferred from the Navy to the Coast Guard and built-in pay increases. Expenditures will be held even by economies in certain bureaus despite workload increases requiring increases in Internal Revenue, the Mint, and the Coast Guard totaling approximately \$46 million.

I do not, by all of this, mean to suggest that we have arrived at some infallible or automatic means of expenditure control. I mean only that we have entered upon whole new pathways to more effective, intelligent expenditure control. We have not eliminated—and will never eliminate—the necessity for hard decision on the part of the Administration, the Congress, and the American

people—all of whom must participate in varying ways and degrees in any program of expenditure control.

We will still have to face the fact, for example, that there is no such thing as an "unpopular" Federal program. Any program that exists does so because somewhere, sometime, the Congress and the Executive thought it worth instituting and during its existence it has inevitably created its own often vocal and influential, if often small, constituency.

Last summer, the eminent chairman of the House Appropriations Committee, Congressman George Mahon, made an excellent statement before the Joint Committee on the Organization of the Congress on the general problem of expenditure control. He was kind enough to send me a copy of that statement, and I took the liberty of sending him a few comments. I said in part, and I quote.

"One of the most obvious facts of political life is that the special interests are concentrated and strong while the general interest tends to be diffused and weak. I do not mean to imply that there is anything evil or sinister in 'special interests.' It is only natural for those who benefit from particular Federal expenditures to employ all possible political pressures to preserve them. We must therefore rely upon both the President and the Congress to protect the general interest even though this is exceedingly difficult.

"Despite the tremendous efforts of the President to hold down expenditures, I think it is generally agreed that he has done his best to recommend sufficient funds to carry out the broad range of valuable Government programs. Nevertheless, as you pointed out, Congress increased these recommended expenditure authorizations by over \$5 billion. The money will undoubtedly go for popular purposes, but we obviously need some method of holding down the overall Federal spending level, especially when our defense requirements are growing as they are * * *.

"In the final analysis, however, we cannot escape the fact that popular and even desirable programs must be given very careful scrutiny. Certainly the poverty, education and health programs are essential, but the President's budget recommendations, made in the light of how effectively those expenditures can be made, should not be exceeded. Military bases, veterans hospitals, and other Government installations which are no longer vital should be phased out. Public works which do not meet the Bureau of the Budget's rigorous tests of economic feasibility and national need should be postponed.

"In these respects, I do not wish to imply that Congress should not put its own stamp on the President's recommendations. The legislative branch has its responsibilities to review Executive recommendations with a fine tooth comb. In doing so, however, we need to keep the national fiscal requirements before us so that additions can be offset by subtractions * * *.

"I recognize that it is easier to turn on the faucet than it is to turn it off. Nevertheless, if we are to maintain an adequate national defense while yet protecting the integrity of the dollar from inflation, it is imperative that we as a nation develop the fiscal flexibility necessary not only to stimulate the economy when appropriate but also avoid excessive stimulation when this policy is called for * * *."

Witness, as a current case in point, the angry opposition in some quarters to some of the reductions the President has proposed in existing programs. Take, for example, the proposed reductions in the school lunch programs, in the special milk program, in operating grants to federally impacted school districts, and in grants to land-grant colleges. Each of these reductions represents a genuine effort to reduce assistance to those whose need is less urgent in order to afford increased assistance to those whose need is greatest. And each of these reductions was proposed in the light of large increases in expenditures at all education levels, expenditures particularly aimed at helping those most in need of help. Yet even in this context, these proposed reductions, and others, have met with some stern opposition.

So the task of Federal expenditure control continues to be a most difficult one—one that will continue to require diligent and dedicated effort on the part of both the President and the Congress—but one that in the years ahead, as we continue to perfect our techniques of continual program and expenditure analysis and evaluation, will become more and more susceptible to informed and intelligent accomplishment.

Already, as I have said, we are beginning to reap the benefits of that quiet revolution in expenditure control that has been taking place over the past few years. For today, when the need for restraint is so great, we are better able to exercise restraint without resorting to arbitrary expedients than we were some

years ago. And today, as well, the task of expenditure control is far less staggering than it otherwise might be if we had not already achieved such excellent results from our efforts of recent years.

Perhaps the best way to sum up those results is to point to the diminishing ratio over recent years between the growth in Federal expenditures and the growth of our overall economy. Excluding special Vietnam costs, expenditures in the administrative budget fell from 14.9 percent of our total national output in fiscal 1965 to 14.5 percent in the current fiscal year. In fiscal 1967, it will drop even further to 13.7 percent, the lowest figure since fiscal 1948, some 18 years ago. Even including Vietnam costs, the ratio between Federal expenditures and our national output rises only slightly from 14.9 percent in fiscal 1965 to 15.2 percent for both fiscal 1966 and fiscal 1967—thus remaining well below previous levels. Compare these figures with the fact that throughout the late fifties—under an administration which, as I mentioned earlier, prided itself on fiscal frugality—expenditures in the administrative budget never fell below 16 percent of our national output and reached as high as 17.1 percent of that output in 1959.

The efforts, therefore, of recent years—and particularly under the leadership of President Johnson—have resulted in a real breakthrough in both the techniques and the practice of Federal expenditure control, a breakthrough that will mean greater and growing flexibility in Federal budgetary decisionmaking in the years ahead, and a breakthrough that stands us in good stead now when the need for responsible restraint is especially urgent.

We have, as I said earlier, far yet to go before we can confidently claim to have mastered the incredible intricacies and entanglements of the expenditure process. But, under President Johnson's leadership, we have already come far. We see the evidence, as I have pointed out, in our recent budgets. We see it also in a further dimension—in the broader context of the role that expenditure policy can play as an instrument of overall economic policy. In President Johnson's effort toward restraint in the fiscal 1967 budget—particularly in reducing requests for new obligational authority some \$4.1 billion below the level of fiscal 1966—in his efforts in the current fiscal year to hold down expenditures in the non-Vietnam sector of the budget, and more broadly in his efforts to secure the voluntary cooperation of State and local government and of private businessmen in postponing marginal capital expenditures—in these efforts we see a really major attempt to employ expenditure policy as a countercyclical weapon.

We have done much in recent years to improve that weapon. We have much more to do in the years ahead.

Exhibit 17.—Remarks by Secretary of the Treasury Fowler, May 4, 1966, before the presidents of the American Bankers Association, the Association of Reserve City Bankers, and the Mortgage Bankers of America, Charlotte, N.C., on Federal credit programs and the sale of financial assets

North Carolina is famous for many products among them textiles, furniture, and tobacco. It seems there's also something about the North Carolina climate that produces leading bankers.

I am delighted to be here tonight, at this dinner honoring three outstanding North Carolinians: Archie Davis, Addison Reese, and Clifford Cameron, who are the presidents, respectively, of the American Bankers Association, the Association of Reserve City Bankers, and the Mortgage Bankers of America.

Perhaps I should have invited my friend, Attorney General Nicholas Katzenbach, to come along to this affair, and to launch on the spot an investigation of how North Carolina bankers have managed to get a monopoly grasp on the top positions in three of our leading banking associations.

However, I already know the answer. It is because they have the capacity for hardheaded, courageous, and dedicated leadership.

This has been nowhere better manifest than in the position taken in recent weeks by Archie Davis. As president of the American Bankers Association he has pointed up, and I applaud him for it, the unique position of commercial bankers—this year, now—to exercise responsible restraint in reflecting the anti-inflationary monetary policy announced last December by the Federal Reserve Board. Mr. Davis has provided the standard, urging that the banker "must use every skill at his command to allocate his lendable funds to the most economically justifiable uses, which, under these circumstances, mean credit uses that will help curtail rather than augment inflationary pressures." It is essential

that, at this juncture in national affairs, bankers weed out the less productive, the less deserving, the speculative loans.

A month ago, speaking to the Reserve City Bankers Association of which Mr. Addison Reese is the retiring president, I made reference to a related phase of responsible restraint saying:

"I would hope, also, that there will be an accompanying disengagement from unreasoning competition for time and savings deposits that ignores the need for caution and the harm that kind of competition can do to our banking and financial system."

Just this week Mr. Davis spoke out against the "bidding away" of savings from other financial institutions which may damage them and add to the lending power of the bidding banks which the Federal Reserve policy is trying to hold down.

I commend him for it and hope that this message is carried home effectively to all our Nation's bankers.

Federal debt management also has a role to play in achieving the broad economic objectives which are our mutual concern. This is why, this past February, we took the opportunity while refunding the mid-February maturities, to offer the holders of April, May, and August 1966 issues an exchange into a new $4\frac{3}{4}$ -year 5 percent note.

This move achieved some useful debt extension and lightened significantly the refunding tasks of May and August. The prerefunding of February left just \$2.5 billion of the May maturities in public hands. Today we close the books on that refunding where we offered holders of the maturing issues a 18-month note with a coupon of $4\frac{1}{2}$ percent, discounted to yield 4.98 percent.

It may be of interest to note that while the total Treasury debt today is some \$3 billion greater than a year ago, our last reading showed that Treasury debt in the hands of the public was actually down by \$1.1 billion over the year. And for those who sometimes look to Government financial policies as the source of undue monetary expansion, I would remind you that commercial bank holdings of Treasury debt are down by \$3 billion in the past year. No doubt this decline in bank holdings has made our financing task a bit more difficult and costly, but it has also provided rather striking evidence that our deficit has been financed with genuine savings accumulations.

After taking account of net sales of federally owned financial assets and direct Federal agency issues, and balancing this against the decline in holdings of Treasury obligations in the hands of the public, we would estimate that the Federal sector will make only a modest net demand for credit on the private economy for this fiscal year—perhaps on the order of \$2 billion or \$3 billion. More impressive still, according to current plans, we would expect the Federal sector to make little or no net credit demand on the rest of the economy in fiscal 1967.

Turning to another aspect of our national credit structure which involves some very important legislation now pending before the Congress, I will exploit this opportunity to make a few remarks to this group of financial leaders on the longer term perspective of a key policy issue embodied in this legislation.

President Johnson on April 20, 1966, transmitted to Congress a bill called the Participation Sales Act of 1966, to provide for a coordinated program, through the Federal National Mortgage Association, of sales of participations in pools of financial assets held by various Federal agencies.

The basic purpose of this legislation, as you know, is to encourage the substitution of private for public credit in various major Federal credit programs. Given the desirability of drawing in greater private participation in the Federal credit programs, the sale of interests in pools of assets is the most satisfactory and economical means that has been devised to meet this end.

The technique now proposed for sales of assets has evolved gradually during the past three administrations, stretching back in time to the mid-1950's.

A guiding principle of this policy is that Federal credit should supplement or stimulate private lending rather than substitute for it. This is a matter of basic economic philosophy, as well as a recognition of the fact that the private market should, and will, continue to account for the bulk of all credit extensions.

Federal credit programs, working through the private market, help to make the market stronger, more competitive, and better able to serve the economy's needs over the long term, than if the Federal credit programs unnecessarily preempted functions that private lenders could perform effectively.

Carrying through these principles and recommendations, increased emphasis has been placed in recent years on greater use of Government guarantees of private credit and on direct sales of individual Government loans to private lenders.

More recently, sales of individual loans have been supplemented by pooling large numbers of loans and selling certificates of participation in such pools.

As some of you know, the growth of programs involving either the direct extension of credit by the Federal Government or the Government guarantee or Government insurance for loans made by private institutions traces back to 1917, and the organization of the Federal land banks. Before 1932, the only significant Federal credit programs were in the agricultural area. In working our way out of the Great Depression, Federal credit programs played an important role, and the total of Federal credit extended increased from about \$300 million in 1929 to a total of \$6.2 billion for direct and insured loans in 1934.

In the years leading up to World War II, Federal Government lending and insurance programs averaged about \$3 billion annually.

The need for war production loans, guaranteed through Federal Reserve banks under Regulation V, and other factors contributed to a substantial increase in Federal credit programs during World War II. In the period after World War II, there was another substantial expansion of Federal credit programs. Housing credit played an overwhelming role in this expansion. Between 1946 and 1958, for example, \$54 billion in Federal credit, on a net basis, was injected into the economy, with \$46 billion of the total being housing credit.

Today, there are approximately 100 different Federal credit programs, where the Government assumes all or part of the credit risk. These Federal credit programs have successfully enabled sizable groups of our citizens to share in economic progress, and these programs, authorized in every instance by Congress, also are making significant contributions to the vital tasks of community development, education and health, the development of resources and other goals.

Characteristically, Federal credit programs start with a need for credit, where the nature of the risk or other factors make it clear that the need is not being met adequately by private credit.

We expect that the total outstanding for direct loans for all Government agencies will be \$33.3 billion on June 30 of this year, up from \$33.1 billion a year ago and \$25.1 billion 4 years earlier. In fact, it has risen in every year in the recent period.

Now this is where the Participation Sales Act of 1966 comes in, because with the techniques that would be made possible under this legislation, we would hope to be able to achieve a reduction in that portfolio to \$31.5 billion in the course of fiscal year 1967. This would be accomplished by selling some \$4.7 billion of assets, mainly through the participation sales device, back to the private sector.

Essentially, neither the basic philosophy nor the technique involved in the Participation Sales Act of 1966 would be new. Rather it is an extension to additional credit programs of what we have already been doing with some success on a more limited scale.

The substantive policy was laid down a considerable time ago.

President Eisenhower, for example, sought legislation in 1954 to encourage greater substitution of private financing for Federal outlays in our housing programs.

The Veterans' Administration and the Federal National Mortgage Association, as well as the Export-Import Bank, have been pooling their assets—their loans—and have been selling participations in these loan pools for some time.

One of the basic underlying principles of the 1961 report of the Commission on Money and Credit—on which I am proud to have served—was that private credit should be substituted for public credit as soon as private investors are able to take over the credit involved. The Commission, after evaluating Federal credit programs, stated that:

"Government intervention to improve the effectiveness of credit markets should be designed to influence existing private financial institutions or to stimulate new private institutions rather than to establish governmental direct lending agencies."

In 1962, President Kennedy's Committee on Federal Credit Programs—comprised of Treasury Secretary Douglas Dillon, Federal Reserve Board Chairman William McChesney Martin, Chairman Walter Heller of the Council of Economic Advisers, and David E. Bell, who then was the President's Budget Director—said this:

"Government-financed credit programs should, in principle, supplement or stimulate private lending, rather than substitute for it. They should not be established or continued unless they are clearly needed. Unless the urgency of other goals makes private participations infeasible, the methods should facilitate

private financing, and thus encourage longrun achievement of program objectives with a minimum of Government aid."

In transmitting the administration's draft of legislation to broaden and deepen the channels between the public and private credit markets, President Johnson recently observed that—as desirable as Government loans to farmers, to businessmen, to home buyers, to veterans, to students, to colleges, and to others are—"Federal lending neither can, nor should, shoulder the entire job."

"Under our system of free enterprise"—the President continued—"it is far better for the Government to mobilize private capital to these ends. And it is far better for the Government to stimulate and supplement private lending rather than to substitute for it * * *. This substitution of private for public credit provides sound financing for worthwhile projects with a minimum of Federal participation."

In developing legislative recommendations—as in the making of business and personal decisions—it is both logical and customary to examine the alternatives.

Given the size and nature of Government credit programs, we could, of course, have continued to carry a rising volume of direct Government loans in the portfolios of Federal credit agencies. But there was no logic in continuing to build and carry a higher and higher volume of direct Government loans. When President Johnson sent his budget message to Congress last January 24, he said this:

"In recent budgets, I have pressed for the encouragement of private financing in the major Federal credit programs wherever I have felt it to be consistent with the public interest. I will need the cooperation of the Congress to carry this effort farther in the coming year.

"This is an important and sensible way to manage our Federal credit programs * * *."

This, then, summarizes the background of the Participation Sales Act of 1966.

Even with the broad base of bipartisan support for the principles embodied, I know that some questions have been raised about just how it would work, and I would like, therefore, to make several additional points about it:

1. The pending legislation does not create a new set of subsidized Government loan programs.

2. We are well aware that in seeking to deepen and widen the channels between public and private credit markets that it would be pointless to attempt to press more on the market than it can readily absorb.

3. This program does not involve "backdoor" financing or budget "gimmickry" and we are not trying to set up a "Federal hockshop" for loan paper of questionable or doubtful value.

4. We expect to find that the cost difference between financing these credit programs through direct Treasury borrowing and in channeling such assets to the private credit market by way of participation sales will be narrow, and if anything may tend to decline, particularly after both private investors and the Government have gained useful experience under the program.

5. The entire participation sales program will operate in such a way—a way that I strongly favor—as to give the appropriate congressional committees more rather than less control over the marketing of loans that will go into the participation pools.

Now permit me to turn briefly to another program in which President Johnson and I have a great interest: our savings bond program.

The other day a gentleman called the Treasury Department to inquire about the savings bond campaign, and remarked that there seems to be a big new push going on now to sell savings bonds. I was delighted to hear about his comment, because he is entirely correct.

President Johnson, Vice President Humphrey, members of the Cabinet, Members of Congress, and many of you here tonight are contributing to this increasing awareness that our savings bond program has more meaning, more significance, and more value to our Nation today than at any time since World War II.

As the Vice President put it at a recent Washington meeting: "Savings bonds have a very unique place in the history of our country. People all over this land feel a little closer to their Government when they have a bond that has the seal of the United States Government upon it. It is more than a document and more than a piece of paper. It is a commitment on the part of a citizen to his Government, to this democracy, to the purposes of this Nation and to its present and to its future."

I can only voice my support for what the Vice President said, and I hope we all can continue to speak out with some of the feeling he expressed, to further the cause of our savings bond program.

In recent years we have witnessed the emergence of a penetrating interest by those concerned with public affairs and the effective use of our money and credit system to promote our national economic objective—a healthy rate of growth, full employment, price stability, and a balance in our international payments.

Increased understanding and utilization of fiscal policy, monetary policy, debt management policies, and policies dealing with international financial relationships have received well-merited emphasis. Moreover, the importance of arriving at the proper combination of these policy instruments and their coordination for achieving national economic goals has been underscored.

The monumental study covered by the National Commission on Money and Credit in its historic report made in 1961 was one of many efforts to bring attention to these subjects. But there was another chapter in that report which should be noted. I refer to the handling of Federal credit programs and policies. The Report of the Committee on Federal Credit Programs, chaired by Secretary Dillon and referred to earlier, which was presented to the President of the United States in February 1963 carried the dialog on this subject another major step forward. The Participation Sales Act of 1966 will carry out one important aspect of the policies developed in these studies. But I am sure that all the long-term quasi-public demands for credit that loom in the years ahead will call for appropriate treatment of many other aspects of this topic. I commend it to your attention and urge that the leaders of private financial institutions and organizations represented here tonight devote major attention to this area of public policy in the years ahead.

Exhibit 18.—Remarks by Secretary of the Treasury Fowler, June 16, 1966, at the White House Conference for State Legislative Leaders, on the financing of Government public programs

The theme of this conference is encouragement of greater intergovernmental cooperation in our Federal system.

The President, in his State of the Union Message, urged that we, and I quote, " * * * move on to develop a creative federalism to best use the wonderful diversity of our institutions and our people to solve the problems and to fulfill the dreams of the American people."

My frame of reference is the financing of Government. So I would like to discuss with you some of the problems and prospects we share in the financing of urgently needed public programs.

In the eyes of many, the pricetag is the most significant part of any Government program. Often the pricetag is the controlling factor, regardless of the need for a particular activity.

In their understandable preoccupation with cost, many people see the Federal Government only in terms of budgets of \$100 billion and more, millions of employees, and a vast national debt.

Most people are unaware, and would be surprised to learn, that the State governments today, taken collectively, also constitute a vast enterprise of some 2 million employees with budgets totaling some \$45 billion a year.

Further, while the national debt has decreased from 58 percent of total debt, public and private, in 1946 to 22 percent at the end of 1965, State and local debt has risen from 4 percent to 7 percent of total debt.

Those few surface observations reflect both the growth of the State governments and the magnitude of the problems they are grappling with today. Your presence here, I believe, reflects the ferment taking place in the States, the new vitality which has renewed your determination to meet your challenges and spurred your search for new ideas and new resources.

Your problems are immense in such fields as education, health, welfare, transportation, conservation, urban development, economic development. Your sources of revenue are necessarily limited and uncomfortably close to you. The sharpness of this dilemma has, understandably, led many to conclude that Washington should take up the financial slack.

There is an obvious attraction in the idea that the Federal Government, with its vast resources and its seeming remoteness from the taxpayers, should share its good fortune by making a strikingly larger contribution to the revenues so urgently needed by the States and their creatures, the cities.

Federal grants to States for specified purposes have been around for a long time. They have increased markedly in recent years. Recently, however, the idea of grants without any strings has been gaining in prominence. The econo-

mist, Milton Friedman, proposed such grants to replace the existing system of grants-in-aid.

Of course, the Friedman plan did not get very far because there was no general sentiment for giving up the existing grants. A later variation was developed which removed this inhibition. It was to provide such blank-check grants in addition to existing grant-in-aid programs. This more popular version came to be known as the Heller plan, named for the former chairman of the Council of Economic Advisers.

The essence of the plan is that Federal revenues would be set aside in an amount equal to 1 or 2 percent of the Federal individual income tax base. This sum would be distributed to the States for general government purposes—with no strings attached—on a per capita basis.

I didn't come here to shoot the Heller plan down. I understand its attraction.

But I believe it is essential to keep this plan, and the many similar and related plans, in proper perspective.

When Mr. Heller proposed the plan in late 1964, his prognosis for the Federal budget was that revenues would rise \$4 billion to \$5 billion a year faster than expenditures, due to continuing economic growth. He could not have known that the growth in the demands of Vietnam would soon increase Federal expenditures more than twice that total annually. The fact is that for the period immediately ahead, there will be no surplus Federal revenues which could be distributed to the States without creating severe inflationary pressures.

Further, at the time the Heller plan was proposed, most observers did not believe that a comprehensive program for Federal aid to education could be enacted.

In the last 10 years, total Federal aid to State and local governments has more than tripled, rising from \$4 billion in 1957 to the \$15 billion budgeted for 1967. Federal aid payments accounted for approximately 15 percent of all general revenues available to State and local governments in 1965. A Council of State Governments study, soon to be published, shows that in 1946 the State and local governments received \$1 from the Federal Government for every \$13.50 they raised from their own resources. But, in 1964, they received \$1 in Federal funds for every \$5.80 of their own revenues. I cite these figures only to show that there is convincing evidence of Federal recognition of the need to assist State and local governments with their financial problems.

We all recognize the need for cooperation among the levels of Government in the field of finances. But we don't always remember that cooperation is a two-way street. And sometimes a cooperative effort goes wrong. This is always a disappointment, although it can usually be remedied if the will to cooperate is maintained.

One example of a cooperative effort which has turned into a disadvantage for both the Federal Government and at least some of the States is of particular interest to me. For some time I have shared with many others, some in the administration, some in the Congress, and some in responsible financial positions in State and local governments, a growing concern about certain uses of the tax-exemption privilege which is accorded to State and municipal bonds.

Since the inauguration of the Federal income tax in 1913, the interest on obligations issued by States and their political subdivisions has been exempted income. The justification for the exemption is that it reduces the cost of State and local borrowing done for the purpose of carrying out essential Government functions. But, as with any wide-ranging exemption, applications which could not be foreseen when it was granted have occurred.

One area that has raised doubts and discussion over the years has been the use of industrial development bonds. This practice has been defended on the ground that it helps to bring industry to low-income labor-surplus areas. Thoughtful critics, however, have prophesied that the practice would eventually become self-defeating. Recent experience appears to support their view, since the use of this type of bonding is growing and the advantage to any State or municipality decreases as more States and localities enter the field. This practice merits careful attention and is currently under study.

In recent years, new financial arrangements involving use of the exemption have arisen which have caused serious concern. One of these is arbitrage which arises when the principal purpose of floating State or local bonds is to buy U.S. bonds with the proceeds and realize a profit from the difference between the interest rates on tax-exempt and taxable securities. The variations in the practice are almost infinite. The buyers of the tax-exempt bonds are, in reality,

only purchasing U.S. bonds indirectly. Their tax exemption is diverted to make a profit for a State or municipality.

As another example, some States and local governments are issuing tax-exempt bonds to finance commercial enterprises, which they operate in competition with private enterprise. To date, these transactions have been confined to real estate which is leased to private parties. But other commercial uses may be found. While the amount of bonds issued for this purpose has so far been small, there is every indication that it will be substantial in the future unless curbed. For example, one issue now proposed would involve over \$500 million.

The Federal Government is sympathetic with the need of States and municipalities to meet their financial problems. But we cannot condone extension of the tax exemption to these new financial arrangements as a means of accomplishing those objectives at the expense of the Nation's taxpayers.

These arrangements, moreover, by greatly increasing the total of exempt bonds outstanding, will eventually drive up the interest rates paid by all States and municipalities for their borrowing. Yet there will be no commensurate increase in public service to compensate for the cost to the taxpayers.

If legislation is enacted, or if administrative measures are adopted, which exclude these arrangements from the benefits of the exemption, I hope no one will be misled into thinking that we are launching an attack on the basic interest exemption for State and local borrowing. Quite the contrary, as with any exemption, curtailment of uses which cannot be condoned is a condition necessary for preservation of the exemption for its intended uses.

Although it has required me to speak in somewhat negative terms, I have taken the time to talk about Federal revenue sharing and considerations involving the tax exemption for State and municipal bonds because I know the former subject is one of great interest to you and the latter is of great interest to me.

But it would be a travesty to lose the great opportunity which this conference provides by giving it a negative tone. To say we have problems, I believe, is simply to describe the human condition. But the future has never looked brighter than it does now for a great cooperative and successful attack against the problems we share.

We have stopped looking at our Federal system of Government as if it were composed of three totally separate and independent layers: local, State, and National. We have recognized that, in our Federal system, responsibilities are mixed and inseparable and relationships are close and binding.

We know that action at one level often affects all levels, and we know that action which is harmful to one level cannot, in the long run, be beneficial to the others. We realize that successful action undertaken by one level of government, in meeting what it regards as its own responsibilities, frequently results in handsome benefits for the others.

Many examples of this interrelatedness come to mind, but none serves better than the Federal fiscal policies of the last five years which aimed at stimulating the economy. Tax reduction played a major role in the economic resurgence which has now brought us into our sixth year of expansion. The addition of resources on which the States and municipalities can draw and which have come into existence in this period of vigorous growth far outweighs the advantages that would accrue from any revenue-sharing formula. The Federal Government, taking action on a national scale to foster economic growth, has broadened and reinforced the revenue base from which all levels of government derive their sustenance.

Our accomplishments are not all in the past. I have spoken of the heightened vitality of the States. But do not underestimate the power of President Johnson's concept of creative federalism at the Federal level. This concept makes clear that the various levels of government are, and must be, members of a partnership in which each has definite, though differing, responsibilities with respect to each function and activity. The President charged his administration to take the initiative in these words:

"Many of our critical new programs involve the Federal Government in joint ventures with State and local governments in thousands of communities throughout the Nation. The success or failure of those programs depends largely on timely and effective communications and on readiness for action on the part of both Federal agencies in the field and State and local governmental units. We must strengthen the coordination of Federal programs in the field. We must open channels of responsibility. We must give more freedom of action and judgment to the people on the firing line * * *."

It is obvious that the cooperation required by this approach to federalism must extend throughout the financial field if our mutual efforts are to be successful. We have a long and proud record on which to build. Behind the President's leadership we intend to advance the concept of creative federalism to the farthest limits of our imagination and energies.

Exhibit 19.—Remarks by Secretary of the Treasury Fowler, June 17, 1966, before the 73rd annual convention of the Virginia Bankers Association, Hot Springs, Va., on economic and financial policies

Over the last 2 months I have had the pleasure of meeting with distinguished groups of bankers in Phoenix, Ariz., in Charlotte, N.C., and in Granada, Spain. So after all that traveling, it is good today to be home and to meet with the bankers who play so important a role in the economic and financial affairs of my home State of Virginia.

In these earlier meetings with banker groups, I discussed in some detail the whole broad range of international economic and financial affairs in which this Nation is heavily involved—including our balance of payments, free world monetary reform, free world trade, free world capital markets, and free world development assistance—as well as the impact on and the implications for our financial institutions of current excessive demands for credit.

So today, here at home, I want to look at our national economy as a whole, at some of the basic problems at hand and prospects ahead in the perspective of our experience of the past, for the soundness and strength of our national economy underlies, not only the success of all our efforts in the world at large, but the soundness and strength of Virginia's economy as well as the economy of every other State in the Union.

Five years ago, when this decade began, our economy was mired in its fourth postwar recession. Our performance in the past offered us little hope for the future. To look back, indeed, was only to become acutely aware that the three earlier recessions had been followed by successively shorter and weaker recoveries, and that the previous recession had produced what still remains the largest peacetime budget deficit in our history. Unemployment was intolerably high, 6.8 percent in February 1961, the recession trough. Business investment had for years failed to maintain anything like adequate levels of growth and remained far less than we needed to generate more vigorous economic growth—industrial plant and equipment, in the first quarter of 1961, was operating at only 78 percent of capacity, compared to the optimum rate of 92 percent desired by most businessmen.

Indeed, there were even some who seemed to suggest we had to resign ourselves to accepting as a kind of law of economic life, as an unhappy but inherent characteristic of our economic system, this rhythm of recession and inadequate recovery and the high rates of unemployment it inevitably entailed.

Yet we emerged from that recession of early 1961 and entered an expansion that has become the longest and strongest in our Nation's history—an expansion that has displayed no propensity to return to the patterns of the past.

During the 5 years between the first quarter of 1961 and the first quarter of 1966, our gross national product grew by \$210.3 billion. We get some idea of what an awesome feat that is when we consider that that increase alone, this 5 year icing on the cake, exceeds the total gross national product—not the increase, but the total—of France and Germany combined, of France and Great Britain and Spain combined. Thus, the mere growth of our economy in the past 5 years exceeds the combined output for an entire year of two of the most productive nations in the free world.

Or to put it another way: In the concluding half-decade of the fifties, our economy grew at a real annual rate of only 2.2 percent—far lower than that of virtually all other major countries. In the half-decade just ended, our real growth rate rose to 4.6 percent, an immense improvement. And last year it grew by 5.5 percent, and as a result we surged ahead of every other major country in the world, except Canada.

That surge in real output reflected one of our most impressive achievements over the last half-decade—a record of price stability unequaled by any other major country in the world—a record surpassed by no other industrial nation and by only three small countries: Guatemala, El Salvador, and Venezuela.

And as our economy has continued to expand, so have real incomes and real profits and our unemployment rate has continued to fall.

For the first 5 months of this year, our unemployment rate has averaged about 3.8 percent—below our long-sought “interim” target of 4 percent, and well under the averages of 4.6 percent for 1965, 5.2 percent for 1964, 5.7 percent for 1963, 5.6 percent for 1962, and 6.7 percent for 1961.

Between the first quarter of 1961 and the first quarter of 1966, per capita disposable personal income, even after adjustment for price changes, grew by 20.8 percent. And even in the year just past, when price indexes showed a steeper rise than in earlier years, per capita disposable personal income grew by 4.8 percent in real terms.

To put it in even clearer focus: while consumer prices have risen by 8.3 percent since February 1961, the average weekly wage of a factory worker has risen by a full 26 percent—more than three times the rise in consumer prices.

This expansion has also meant a strong and steady rise in aftertax corporate profits, in contrast to earlier expansions when profits after taxes would show a strong early surge and then succumb to the growing squeeze exerted by increased labor and other costs. Thus, aftertax corporate profits last year stood at \$44.5 billion—up from \$37.2 billion in 1964, \$32.6 billion in 1963, \$31.2 billion in 1962, \$27.2 billion in 1961, and \$26.7 billion in 1960. And, according to preliminary estimates, corporate aftertax profits continue to surge ahead—rising to a record annual rate of \$48.4 billion for the first quarter of this year, compared to an annual rate of \$45.9 billion for the prior quarter.

These were the extraordinary gains produced by our private economy in response to a mix of national economic policies whose whole aim was to create the kind of climate in which the private economy could find the confidence and the incentives to do its job.

The question before us in 1961 was how best to revive our economy and restore its capacity for strong and sustainable growth. In fiscal policy, we had essentially two choices: whether to increase Government expenditures or to reduce taxes, whether to rely, in other words, upon the renewed energies of the private sector or upon expanded Government activity.

We chose, as you know, to reduce taxes and to restrain the growth of Federal expenditures, for we were firmly convinced that the private economy simply could not do its job unless it were sufficiently freed from the burden of excessively high wartime tax rates: rates originally applied to restrain the strong inflationary pressures that accompanied wars and national emergencies.

Through the investment credit of 1962, the depreciation reforms of 1962 and 1965, the Revenue Act of 1964—and to some extent through the excise tax reductions of last year—we moved to diminish the burden of wartime tax rates upon the private economy and thus to furnish it with renewed opportunity and fresh incentives to help meet our basic economic needs.

All these tax measures have reduced the Federal tax burden by a total of \$18 billion at fiscal 1966 levels of income. Yet Federal revenues between fiscal 1966 and fiscal 1961, excluding those affected by the tax changes adopted this year, have grown by \$23.3 billion—more than twice the revenue growth during the previous 5-year period, between fiscal 1956 and fiscal 1961, when there was no tax reduction.

To this basic fiscal policy of Federal tax reduction and expenditure restraint, we coupled a monetary policy aimed at insuring an adequate availability of money and credit for domestic needs while helping our balance-of-payments efforts by maintaining short-term domestic rates at levels comparable to those abroad.

As a result of this overall economic policy mix, and its success in cultivating a climate within which the private sector could flourish, we came last year to the point where we were closer than at any time in our history to the simultaneous achievement of our four paramount economic goals: strong and stable economic growth, full employment, reasonable price stability, and equilibrium in our international balance of payments.

And so I am sure you recall how, a year ago, economic experts in both the public and private sectors were giving a good deal of attention to the longer range problem of making a smooth transition from an economy trying to reach a level of peak performance to an economy trying to maintain that level of performance.

Over the near-term, our concern was that the economy would falter and flatten out before we reached our goal of full employment in a balanced economy. Over the longer term, we were concerned with the whole spectrum of challenging

problems and exciting opportunities that would present themselves once we had, in fact, reached full employment—in particular with the problem of forging ahead at full employment levels of activity without inflation.

It was in the very midst of this growing concern over the longer range economic outlook—and over the current outlook in that context—that, in July of last year, there began the intensification of hostilities in Vietnam that has since altered our economic picture.

For as increased defense spending for Vietnam began to give added impetus to economic demand—at a time when special supply factors were emerging which would put severe temporary pressures upon the prices of farm products and processed foods—our concern over the prospect of an economic flattening out rapidly disappeared. And it was rapidly replaced by a concern that our economy might be moving at so rapid a rate as to result in serious inflation.

But nothing has happened since early last year to render any less urgent our concern over the problem of making a smooth transition into a period of steady and sustained economic growth at full employment. Indeed that concern must today be more urgent than ever, for today we are on the threshold of that transition period, if we have not entered it already.

What that transition involves is essentially this: Over the past several years we have been able to sustain very high real rates of growth, 5 percent in 1964 and 5.5 percent in 1965, by putting to productive use not only new capacity and new entrants into the labor market, but also idle capacity and the unemployed. But in the years ahead our rate of overall economic growth will have to rest almost entirely upon the rate of growth, in quantity and quality, of new capacity and new manpower. For we have nearly used up the economic slack represented by the large measure of idle capacity and the large number of unemployed workers of recent years.

The President's Manpower Report for this year estimates that our labor force may grow by almost 2 percent annually through 1970. Allowing for some further decline in the unemployment rate, some reduction in hours worked, and assuming the continuance of recent productivity trends, this could mean an average annual rate of real growth as high as 4½ percent. This figure does not, of course, represent a forecast. Rather it is simply a feasible projection of one economic pattern likely to emerge as we move to a more moderate rate of growth in the years ahead.

Our task today, therefore, is to make a smooth shift from the very high growth rates of the recent past to a somewhat lower but still historically high level of steady, sustainable growth—to slow down without stalling. And we must accomplish that task amid all the uncertainties that Vietnam introduces into our economic picture.

The administration, as you know, considered the threat of inflation serious enough to require a significant shift from a fiscal policy of steady stimulus to demand to a fiscal policy of moderate restraint. And President Johnson has made it abundantly clear that he will not hesitate to apply or to recommend further fiscal restraints should these become necessary.

Whether such restraints will become necessary remains very much an open question. There are, to be sure, indications that, while the economy is still moving strongly ahead, it is not moving as rapidly as it was earlier this year. But the situation is still uncertain enough to require our continued readiness to adopt whatever further restraints events may clearly demand. And perhaps the most important area of present uncertainty and concern is whether and to what extent congressional action on the President's fiscal 1967 requests for new appropriations will raise the total of Government spending for that year significantly beyond the level proposed in the President's budget.

But before we consider the question of that budget, and the current need for restraint, I think we would do well to consider the whole question of Federal expenditure control, of Federal debt, and Federal deficits, in the light of our experience over recent years.

Let me begin by citing some very revealing figures. While Federal debt in the aggregate has grown from \$259.5 billion in 1946—the great bulk of which was incurred in the two world wars—to \$296.5 billion in 1961, to \$321.4 billion in 1965—it has declined from 117.2 percent of our national output in 1946, to 54.6 percent in 1961, to 45.5 percent in 1965. At the same time, corporate debt has grown from 49.9 percent of our national output in 1946 to 73 percent in 1961, to 77.5 percent in 1965.

Or to take another perspective: Federal debt has fallen from 58 percent in December 1946, of the total estimated debt for the United States as a whole,

to 29 percent in December 1960, to 24 percent in December 1964, to 22 percent in December 1965. At the same time, corporate debt as a share of our estimated overall debt has grown from 25 percent in December 1946, to 36 percent in December 1960, to 37 percent in December 1964, to 38 percent in December 1965.

Or to put it in less impersonal and perhaps even more striking terms: In 1946 our per capita national debt exceeded our per capita national output: \$1,817 compared to \$1,580. By 1961, however, our per capita national output had grown to \$2,958, substantially greater than our per capita national debt, which had fallen to \$1,600. And by 1965, our per capita national output had risen to \$3,626—more than twice our per capita national debt, even though that had risen slightly to \$1,641.

These figures, I think, tell several interesting stories. First, they ought to make clear that, while our debt has grown in recent years, as in most years since the war, our ability to bear that debt has grown far more. I do not suggest it is no longer important, for it is important, for us to aim at a balanced budget or a budget surplus in a strong economy, and to contemplate some measure of debt retirement as our budgetary and economic circumstances allow. I suggest simply that the Federal debt no longer presents the great overhanging problem it once presented when it loomed so large in relation to our economy and when our economic growth was not nearly so strong and balanced as it has been in recent years.

Second, these figures reveal something about our private debt. For the fact that, even over the past 5 years when corporate profits have experienced such an awesome surge, corporate debt has continued to rise as a percentage both of overall debt and of our national output—that fact ought to suggest that there is some profit in the kind of investment that debt represents.

But beyond the question of Federal debt, there is the whole question of Federal expenditure policy. And here again the record of recent years is most revealing.

Indeed, I would suggest that what we have witnessed in recent years is a very real, if highly unrecognized, revolution in expenditure control. That revolution had its roots in the decision to generate strong and steady economic growth by reducing Federal taxes rather than by raising Federal expenditures. Indeed tax reduction implied expenditure restraint, since it meant an initial and temporary lag in the growth of Federal revenues.

Section I of the Revenue Act of 1964 declared, and I quote:

"It is the sense of Congress that the tax reduction provided by this Act through stimulation of the economy, will, after a brief transitional period, raise (rather than lower) revenues and that such revenue increases should first be used to eliminate the deficits in the administrative budgets and then to reduce the public debt. To further the objective of obtaining balanced budgets in the near future, Congress by this action, recognizes the importance of taking all reasonable means to restrain Government spending * * *."

And President Johnson has more than redeemed that pledge by personally spearheading the most persistent and productive expenditure control effort ever witnessed in Washington.

And the results are remarkable. Federal expenditures for fiscal year 1964, when President Johnson assumed the responsibilities of the Presidency, were originally estimated at \$98.8 billion. The expenditure target for fiscal 1966, the third year of his service was fixed in January of last year at \$99.7 billion, less than \$1 billion higher than the original estimate for fiscal 1964.

Then, last July, events in Vietnam changed the picture, requiring additional expenditures of some \$4.7 billion. Other increases also occurred—increases, both unforeseen and unavoidable, which totaled a net \$2 billion. These included \$740 million of military pay raises and an additional \$288 million increase in veterans pensions voted by Congress in excess of Presidential recommendations, a \$500 million increase in interest charges on the debt and two further increases of \$500 million each as a result of payments required by law under the space and agricultural programs. All of these increases—which President Johnson could neither anticipate nor effectively control—more than wiped out economies realized by both administration and congressional action since the original budget estimate for fiscal 1966. And in doing so they obscured one of President Johnson's truly extraordinary accomplishments: the fact that, excluding these increases, President Johnson in nearly 3 years in office had held the total increase in administrative budget expenditures to less than \$1 billion over the amount originally estimated for the fiscal year in which he assumed office.

Indeed, the President's non-Vietnam expenditure proposals in the fiscal 1967 budget total \$102.3 billion—only \$3.5 billion higher than the \$98.8 billion pro-

posed in the fiscal 1964 budget, and that increase is more than accounted for by just the cost during that period of Federal pay increases and increased interest on the public debt.

Compare this increase of less than \$1 billion a year with the average increase in the budget of \$3 billion per year over the previous 10 years. View it in the context of the report issued in January of 1961 by President Eisenhower's last Director of the Budget, Mr. Maurice Stans, which pictured the outlook for Federal expenditures over the next decade. That report concluded that rising population and income, and the resulting normal growth in the Federal workload, would tend to raise nondefense expenditures in the Federal budget by \$2 billion—\$2½ billion a year throughout this decade. Look at what President Johnson has done against this background, and we begin to realize how really remarkable his accomplishment is.

Joined with rising Federal revenues from rising economic activity, the President's program of rigorous expenditure control has allowed us to meet urgent national needs while at the same time reducing the Federal deficit.

The record is clear: the 1964 budget submitted 3 years ago forecast a deficit of \$11.9 billion premised, in part, on major tax reduction. This figure was reduced to an actual fiscal 1964 deficit of \$8.2 billion.

Last year's budget contained an estimated deficit for fiscal 1965 of \$6.3 billion. This was trimmed down to \$3.4 billion.

The budget submitted in January of last year estimated the fiscal 1966 deficit at \$5.3 billion. As a result, however, of growing revenues from a rapidly expanding economy and from the tax changes enacted earlier this year—and despite \$4.7 billion of increased expenditures due to Vietnam—we now expect a deficit of only about \$3.9 billion for the current fiscal year.

Had it not, in fact, been for the increases projected for Vietnam expenditures in fiscal 1966 and fiscal 1967 since the 1966 budget was originally submitted in January 1965, we could have used the fiscal dividends furnished by this continued expansion to balance the budget in fiscal 1966 and 1967 and still have had room for some increases in civilian expenditures, or for additional tax reduction, or for some reduction of the national debt.

In fact, in a recent statement of "Estimates of Federal Receipts for the Fiscal Years 1966 and 1967" prepared by the staff of the Joint Committee of the Congress on Internal Revenue Taxation, the estimates of revenue for the fiscal year 1967 indicate a potential surplus in the administrative budget of over \$3 billion on the assumption that Federal expenditures can be held within the overall total of \$112.8 billion contained in the President's budget. Without in any way endorsing these revenue estimates, I cite them simply to show that our budgetary prospects for fiscal 1967—if we have the will and the wisdom to remain within the overall expenditure bounds of the President's budget—are, from our present vantage point, excellent.

There could be no better testimony to the unrelenting rigor of President Johnson's efforts to control Federal expenditures than his success in obtaining results like these in the face of such severe difficulties. The success of any such campaign—as most of you know from your own experience—depends upon insistent, intensive leadership—leadership that will allow for no letup and that will accept nothing less than maximum efficiency and maximum economy—leadership that requires constant and continual accounting from every responsible official on every program and every activity under his supervision. That is the kind of leadership that President Johnson continues to exert—the kind of leadership that has instilled in every Federal employee at every level of responsibility an acute cost consciousness, and that engages his best efforts to seek out new ways to do the job better at less cost.

We see the results of this leadership in the budget for fiscal 1967—a budget in which, by a process of selective increases and decreases, the President was able to hold down the total increase in all budget expenditures other than the increase in special Vietnam costs to only \$600 million. This net increase of \$600 million includes both some substantial increases and some substantial decreases. It includes increases of \$3.2 billion for Great Society programs, \$800 million for higher interest charges on the public debt, and \$1.3 billion for unavoidable commitments such as construction already in progress. It includes decreases of \$1.6 billion in defense outlays unrelated to Vietnam, \$1.5 billion in savings through pruning lower priority programs, through management improvements and through the nonrecurrence of certain costs, and \$1.6 billion resulting from increased sales of mortgages and other financial assets and from the further substitution of private for public credit.

Thus, to talk about expenditure control solely in terms of expenditure totals is to tell only half the story—for we receive the greatest benefits from the President's insistent emphasis on cost reduction and program evaluation in the urgent new programs it enables us to afford through savings on those of lesser urgency and through greater productivity in existing programs.

This, then, is one very real source of funds for financing new and urgent Great Society programs: the savings we accumulate from reduced costs and increased productivity everywhere possible. We expect that our efforts to reduce costs and increase productivity will result in savings for fiscal 1967 of \$3.8 billion, compared to fiscal 1964. In other words, to carry out the activities proposed in the fiscal 1967 budget would cost us \$3.8 billion more—or \$116.6 billion rather than the projected \$112.8 billion—were we to operate at the 1964 level of efficiency.

Yet at a time when the need for restraint is so great—at a time when, barring higher levels of expenditure for Vietnam than we can now foresee, the prospect of a balanced budget or even a budgetary surplus in fiscal 1967 is a very real one—we must face the fact that the Congress may add some \$2 billion to \$3 billion to the President's expenditure proposals for fiscal 1967.

The Congress, of course, has a very real responsibility to make its own judgments about the merits of specific programs and specific expenditure requests. And the President fully recognizes that responsibility. But the point is not that the Congress must agree on specific details or specific programs. The point is that, while fully working its will and exercising its constitutional prerogatives—while reviewing with the greatest care every proposal before it—and while revising and reshaping these proposals—the Congress must also make every effort to assure that, when it has done its job, the total cost of the programs they have enacted does not significantly exceed the total cost of the programs the President has proposed for fiscal 1967.

For how well we succeed, in the days and months ahead, in sustaining the strength and stability of our economy—while avoiding inflation—depends very much on how the Congress—as well as the administration and indeed all Americans—exercises its responsibilities for moderation and restraint.

I would indeed be remiss if I did not, today, pay tribute to this audience for a very special contribution its members are making to a sound and strong economy. I speak of the invaluable assistance which the bankers of Virginia have given—and are continuing to give—to the U.S. savings bonds program.

For the past 3 months, sales of savings bonds throughout the Nation have been the best in 10 years. Sales of Series E bonds have been the best in any peacetime year, breaking all records that have existed since 1945.

Working together, Government and industry, bankers and businessmen are, each day, signing up hundreds of new savers in the payroll savings plan.

In industry—led by Lynn A. Townsend, president of the Chrysler Corp. and chairman of the U.S. Industrial Payroll Savings Committee—new payroll signups are 56 percent higher for the first 5 months of this year.

In Government—reflecting the great impetus provided by President Johnson and Postmaster General Lawrence F. O'Brien, Chairman of the Interdepartmental Payroll Savings Committee—there have been 400,000 new savers signed up during the current campaign. And 50,000 Government employees have increased the payroll deductions that they are channeling into savings bonds.

Today, there are an estimated \$750 million worth of bonds outstanding in the hands of Virginians who are realizing an estimated annual income of \$25 million in interest on these bonds. And all of these totals should be surpassed in this 25th anniversary year of the savings bonds program.

And, when they are surpassed, it will be due, in large measure, to the excellent efforts of such long-time savings bonds supporters as Bill Branscom of the First National Exchange Bank of Roanoke; Jim Rawls of the State Planters Bank of Richmond; George Gosey of the Fidelity National Bank of Lynchburg; Wirt Shapard of the Bank of Halifax, American Bankers Association Virginia chairman for savings bonds; and others of our good Virginia friends. As you know, Bill and Jim and George are spearheading the Urban Center Campaigns in their respective communities. It is a simple but salient fact that banking and bankers service the savings bond program. Bankers provide much of the essential volunteer leadership upon which the program so largely depends. Sixty percent of the State and county chairmen for savings bonds come from the field of banking.

And banks help advertise and publicize savings bonds. Last year, approximately 25 million letters were mailed by banks to their customers urging them

to buy savings bonds. If present indications hold true, that figure should rise to better than 30 million letters this year.

So, it is indeed appropriate that I now present this citation to Sutton Flythe, president of the First National Bank of Martinsville and the distinguished head of your State association, for the patriotic support rendered by the bankers of Virginia to the savings bonds program.

Exhibit 20.—Statement by Under Secretary of the Treasury Barr, July 21, 1965, before the Joint Economic Committee, on long-range fiscal policy

I appreciate this opportunity to present to the Joint Economic Committee some Treasury views on our approach to long-range fiscal policy. It is clearly important that from time to time we look beyond the horizon of short-run decision problems that necessarily absorb so much of our attention. The subcommittee is to be congratulated on its effort to place these problems in perspective. The initial publication of the statements of invited economists and organizations has already provided a useful compendium of views on the issues that lie ahead and possible ways of dealing with them.

The setting for fiscal policy

In approaching this topic of fiscal policy over the next decade, I would first like to emphasize several basic aspects of the setting in which fiscal policy is used. Perhaps most fundamental, we should recognize that we are dealing with one of several instruments of economic policy. Further, the broad policy goals are already set forth in the Employment Act of 1946, which commits our Government to seek sustained growth in employment and income in, by implication, an environment of stable prices, all within a framework of a competitive private enterprise system.

That act was a historic step. In the two decades which have followed we have made tremendous strides toward the realization of its objectives—not least by the intelligent and more active use of the tools of fiscal policy. Obviously we still have much to learn, but the improvement of techniques and data for appraising economic developments and a better understanding of our policy tools have both enabled us to realize more fully the tremendous contribution that appropriate fiscal policies can make toward achieving the potential of our economy.

However, let me make one thing quite clear. Under our economic system, by tradition and choice, we place primary reliance on the vigor and skills of our private economy to achieve the objectives of the Employment Act. We reject detailed Government planning of production, consumption, and investment, and direct controls to implement such plans.

This does not mean, of course, that Government policies—and particularly tax and expenditure policy—do not affect the environment in which private decisions are made, or that they do not have a powerful influence on economic activity. Obviously they do. But, it does mean that Government cannot itself supplant the market, and that in shaping decisions on fiscal policy we must be alert to the shifting forces in the private economy and to the need to provide constantly a fiscal environment in which these forces can best operate.

There are no magic formulas for fiscal policy applicable to all the variety of problems and needs that may arise. For instance, those few who would still insist on reaching for a balanced budget year in and year out fail to recognize the influence that these taxing and expenditure decisions may have for the performance of the entire economy. Experience shows there are situations in which the forces of expansion in the private economy are not adequate to fully employ our workers and our resources, and in which the level and structure of taxes may themselves be impeding the required growth and investment. In circumstances like these, an effort to balance the budget may be self-defeating if the result is only to further restrain economic activity and to constrict the tax base. Instead, tax reduction may be an essential means of releasing the energies of the private sector, even if projected revenues do not fully cover anticipated spending. Conversely, at times when demand threatens to outrun our capacity to produce, responsible fiscal policy may require tax increases and a budgetary surplus.

This approach by no means implies loss of firm and effective controls on expenditures—a never-ending effort to assure a dollar of value for every dollar spent. Nor does it entail losing sight of the goal of a balanced budget. Rather, it

emphasizes the importance of seeking that goal within the framework of a healthy, expanding economy. And it recognizes that that goal is dependent not only upon decisions concerning the level of tax rates and expenditures, but upon all the complex forces at work in the private economy and in other areas of Government policy that importantly affect economic activity, including the structure of our tax system, developments in the credit markets and in monetary policy, and the management of the public debt.

Experience since 1961

Our approach toward fiscal policy can, I believe, be illustrated by our experience since 1961. Our fiscal policy recommendations over this period have been made only after painstaking and at times painful evaluation of all relevant economic data and exhaustive consultations with a broad cross section of outstanding economic authorities representing the views of virtually all sectors of the economy. The approach seems to work, since during this period the Nation has experienced the longest peacetime expansion in history, and our price level has been the most stable of any industrialized nation in the free world.

In January of 1961 we were confronted with an economic recession which obviously required expansionary policies. Unfortunately we also faced a balance-of-payments deficit of nearly \$4 billion. Under these circumstances, it was not feasible, in an attempt to promote expansion, to push monetary policy to extremes of ease for that could only have aggravated the capital outflows that were materially contributing to the outflows of dollars.

Instead, our response to the recession and to the broader pattern of slow growth that had developed in the late 1950's was to encourage expansion through fiscal policy. Our analyses of the economy indicated very clearly that our problem centered in domestic investment. Faced with necessary increases in defense expenditures in 1961, a broad program of tax reduction was not immediately feasible. However, it was possible, without excessive loss of revenue, to develop an investment tax credit and liberalized depreciation guidelines for productive equipment tailored to providing increased incentives for productive investment—investment that not only would pay dividends in terms of domestic growth but would also help to buttress our international competitive position.

Recovery proceeded through 1961 and into 1962, but as the economy absorbed the higher level of defense spending it was apparent that unemployment was still too high, and that prospects for sustained and vigorous growth continued to be impeded by our tax structure. Calculations showing what the budget would look like if we were operating at full employment indicated a sizable surplus. The difficulty was that the tax rates that produced that large "full employment surplus" were so high as to thwart the growth in the economy necessary to reach full employment. Stated another way, as the economy came out of the recession, the high marginal rates of taxation drained off so much of the added purchasing power that markets were not available to match our full productive potential. There was good reason to believe that these high tax rates, enacted to offset the inflationary pressures caused by war and postwar defense needs many years earlier, were no longer appropriate. Our primary problem was obviously not inflation, but slow growth, high unemployment, and periodic recessions. The solution lay in greater incentives to invest combined with a measured release of purchasing power.

This objective required a carefully balanced program of tax reduction spaced out over time, and we proposed cuts in both corporate and individual rates combined with substantial improvements in our entire structure of income taxation. The result was the \$14 billion two-stage tax cut enacted in early 1964, the largest in history. At the same time, a tight lid was imposed on expenditures, assuring that the tax reduction could be absorbed without inflation and consistent with reduction in our budgetary deficit.

Finally, this year we were able to recommend elimination of many of our excise taxes, removing another impediment to growth while improving our tax structure.

The basic objectives of fiscal policy

In extracting lessons for the future from this experience, I want to emphasize that none of us can be sure what the particular problems of tomorrow will be—whether inflation or recession, increased military spending requirements, or what. We can be sure, however, that we must be prepared to use our fiscal policies flexibly, as required by unfolding events, and not be bound by doctrinaire beliefs. And we have learned much of the varied potential of fiscal policy in combination with other economic policies—to fight inflation or deflation and to encourage

consumption or investment. Moreover, we will have before us in guiding these decisions the basic continuing objectives of all our economic policies, each implicit in the Employment Act of 1946. These include:

1. Maintenance of an adequate economic growth rate with a broad and equitable distribution of income.
2. Provision of adequate levels of those essential services that we buy collectively through Government expenditure.
3. Maintenance of reasonable price stability.
4. Preservation of healthy levels of international trade and investment along with equilibrium in our balance of payments.

Reconciling the goals of policy

We suggest that a basic concern of this committee in examining long-range fiscal policy should be to study more intensively the interrelationships between these goals and the adequacy of our existing fiscal policy instruments for achieving them. Let me direct your attention to some of these interrelationships.

In recent discussions of economic policy, there has been much concern about finding a blend of policies to achieve multiple objectives—objectives that, at least in the short run, sometimes seem partially conflicting. For instance, experience suggests that, as our objective of full employment is more closely approached and the economy operates with a smaller margin of excess capacity, problems of maintaining price stability increase.

The active and intelligent use of fiscal policy, has, I believe, contributed to reconciling these goals. Certainly, the record is clear that our sustained advances in economic activity have been accompanied by substantial stability of the wholesale price index. True, there has been some updrift in the consumer price index of about one to two points a year, but part of this updrift may be associated with our inability to make full allowance for quality improvement within the index itself. This is clearly involved in one of the most rapidly increasing components, the cost of medical services. Altogether our price performance over the past 5 years has been far better than that of our leading competitors in world markets.

The administration has been conscious of the inflation problem in formulating its fiscal policies. In a situation marked by excess capacity and excessive unemployment, we were convinced that a tax cut, intended to spur growth and reduce unemployment, would not lead to inflation. We have not, on the other hand, sought to drive to unsustainable goals simply by massive injections of purchasing power. Instead, reductions in consumer taxes have been accompanied by measures to provide investment incentives, to encourage steady growth in capacity, and to promote efficiency. At the same time, we have recognized that the whole burden of reconciling these goals could not be placed on fiscal policy alone, and that our fiscal program needed to be implemented with full awareness of the need for complementary policies in other areas. Thus, monetary and debt management policies have been carefully coordinated to assure that Federal deficits would not result in excessive liquidity that might give rise to future inflation. And, we have begun to deal directly with problems of structural unemployment—by manpower training and development, the economic opportunity program, Federal aid to education, and the like.

Our ability to achieve an unemployment rate of 4.7 percent without widespread price pressures represents substantial progress over earlier experience, but we must push ahead to extend our gains.

Fiscal policy will continue to have a key role to play in that effort, but it must not be called upon to do the job alone. Let me point out, for instance, that unemployment among particular groups, such as Negroes and teenagers, tends to follow the ups and downs of the national average, but the rate among Negroes stays twice as high as the total rate, and the rate among teenagers stays almost three times as high. Progress toward our social goals of improving the position of the underprivileged and reducing juvenile delinquency certainly requires that we improve job opportunities generally, and fiscal policy can help assure the expanding markets essential to provide those opportunities. But adequate job opportunities for minority groups and for teenagers, consistent with orderly, non-inflationary growth, will also require action to reduce and eliminate structural imbalances in our labor market.

Our use of fiscal policy in recent years has also been influenced by the need to reconcile the goals of balance-of-payments equilibrium with domestic growth. One way of encouraging a higher level of domestic investment would have been very low interest rates, but we have learned that in a world of increasingly free trade and payments, no country can afford to ignore the relationships between

its own money markets and those abroad. The use of fiscal policy—and particularly tax reduction—offered an alternative. Some measures could be centered directly on investment incentives, such as the investment tax credit, the depreciation reforms of 1962 and 1965, and the corporate tax cut of 1964. More generally, the spur to overall economic activity through reduced tax rates, as it works its way through the economy, provides a more attractive environment for the employment of capital domestically, tending to reduce incentives to the outflow of capital rather than increasing them, as would have been the case with extremely easy money.

In this way, the increasing integration of the world economy has required the United States to explore and use the potentialities of fiscal policy more fully. I believe that these external considerations will remain important in the choice of policy tools, not only for the United States but for other industrialized countries as well in the years ahead.

The choices for the future

As we look into the future, and consider the range of issues that will be confronting the fiscal policymaker—such as the need for tax rate reduction as against expenditure increases, possible changes in State and local government fiscal relationships, and the alternative of debt retirement—it is useful to emphasize that a growing economy will year-by-year generate higher revenues at existing tax rates. This tendency, sometimes referred to as the fiscal drag, presents a clear-cut need to make choices, and much recent discussion has centered on what these choices should be.

For instance, a summary of the replies of 48 economists and 10 organizations to the questions put by the chairman of this subcommittee, stated that "The consensus is that during the next decade, Federal revenues are apt to rise faster than Federal expenditures, thus exerting a drag on the economy. The respondents were hesitant, however, on recommending the proper remedy for fiscal drag, with no clear-cut consensus emerging for either increased spending or for further tax cuts."

This absence of a consensus seems to me readily understandable, for the kind of choice implied is dependent upon a host of other judgments on more particular problems and objectives. First, the degree to which rising revenues may be divided between reduction of the budget deficit or to debt reduction, lower taxes or higher spending, can be based only on a thorough analysis of the impact of these alternatives on the national economy under prevailing conditions. Clearly, lower deficits or a surplus applied to retirement of the debt would be in order if the Nation were at full employment and if inflationary pressures were great. On the other hand, if economic projections indicated sluggish growth and no price inflation, such a policy would not be in order.

Balancing saving with investment

In considering this issue, we should recognize at the beginning that in our economy borrowing is a necessary concomitant to savings. To take a simple and obvious example, a savings bank can only operate if somebody borrows the money in order to spend it and put it back into the income stream. In addition to lending by individuals, the growth in the money supply required by an expanding economy requires annual increases in net borrowing from commercial banks.

To some extent, of course, savings get back into the income stream through direct investment by the saver or through the purchase of equities. In quantitative terms, however, this represents a relatively small portion of the use of personal savings in our economy. The bulk of our savings must be absorbed by willing borrowers, and put back to work in the economy if we are to achieve sustained increases in employment and output.

We believe that it is desirable that over time a maximum amount of the vast supply of savings the economy is capable of generating should be absorbed by borrowers within the private economy or by State and local governments. In fact, over the postwar period, about \$700 billion of such savings have been absorbed by the private economy—nearly \$300 billion by corporations, \$230 billion by home mortgages, \$70 billion by consumer credit, and about \$100 billion by other borrowers. About \$70 billion was absorbed by State and local governments. About \$40 billion has been absorbed by the Federal Government.

A properly designed tax structure can make an important contribution to the private absorption of savings by minimizing any discouragement to investment that might arise from the magnitude of taxes that we have to collect. We could,

for example, have obtained about the same dollar amount of revenue from corporations by providing a combined top rate of 46 percent, instead of the present 48 percent, but without an investment credit. We are convinced, however, that collecting this amount of money through a structure that does have an investment credit will result in a larger amount of private investment, and thus more private absorption of savings and less need for Federal deficits.

With a carefully designed tax structure and policies in other areas to encourage investment, there is every reason to believe that a healthy economy operating at full employment will be capable of generating adequate investment outlets to absorb all our potential savings. Certainly, we should aim for this kind of healthy investment climate. And, under these conditions, a budget balance is appropriate, or a surplus which will release funds from the Federal Government to help meet the needs of private investment.

In other circumstances, however, private investment demands may not be great enough to absorb all the savings we are capable of generating. Then Federal absorption of some of our savings means a highly useful purpose, for those savings, instead of being diverted from the spending stream, and thus tending to restrain the level of economic activity, can be carefully employed.

Federal uses of savings are in quite important ways productive in the same sense in which business investment expenditures are productive. Certainly the Federal Government requires buildings, equipment, and powerplants—the same kind of things financed by private borrowing. Much of what is currently labeled as Government expenditure is devoted to producing assets which will be providing services for many years in the future.

One kind of productive Federal investment is increased investment in people, namely, the investment represented by improved education. This we have attempted to advance on many fronts from aid to elementary education through aid to colleges and graduate training and to vocational retraining. This kind of investment in people will be particularly advanced by the adoption of the program to provide scholarships, student employment, and guaranteed subsidized interest loans for college students from low and middle income families. This kind of a program, unlike the proposed tax credit schemes, is concerned with opening up college opportunities for capable students who cannot afford college.

Moreover, in considering this issue of the Federal debt, its relation to total output is important. Between 1960 and 1965 while our GNP will have increased by 30 percent, the public debt has increased by 11 percent. It has fallen from about 52 percent of our GNP to about 49 percent. This period included three fiscal years in which the deficit was over \$6 billion. Currently, the Federal deficit has been reduced considerably below the average level of those years. The point is, however, that even in those years of larger deficits, the debt was getting smaller relative to our capacity to deal with it.

Expenditure increases and tax reduction

The proper mix between tax reduction and expenditure increase, when the growth in revenues makes this possible, cannot, in my judgment, be decided apart from specific decisions as to particular needs at particular times. The very magnitudes involved mean that this situation opens up dramatic opportunities to improve our society. The compendium deals with many of these, including major tax rate reduction, assistance to State and local governments, the use of general revenues to meet part of the costs of social insurance now covered by payroll taxes, and a larger scale attack on the problem of poverty. There will be others as well and all merit debate and analysis.

I am sure that, in testifying before you tomorrow, the Director of the Bureau of the Budget will deal with the kinds of specific and particularized choices entailed in expenditures decisions. For my part, I would like to close by briefly touching upon a few of the more important issues that arise, and must be decided, in connection with further tax reduction.

Perhaps most important, we must continue to be concerned about the impact of our tax structure on the entire distribution of income. We have reduced the impact of the high individual surtax rates, and the corporate tax rates, on the growth creating investment process. We have also made a start toward dealing with the problems of poverty. One important future concern is the impact of the individual income tax in the lower and lower middle income brackets.

Over the years, if the income tax law does not change, the effective rate of tax at the average income level tends to rise, essentially because the personal exemptions become lower relative to the average income itself. This increasing effective tax rate shows up clearly at the low and middle income levels.

It is instructive to follow the experience of a family with two children that has every year an adjusted gross income equal to the average income of all American families. In 1950 this family paid an effective income tax rate of 6.7 percent. In 1960 the effective income tax rate on this family was 9.8 percent because of the increased average income. In 1965, we estimate that the rate has been reduced to 8.6 percent, but it remains above the 1950 level. On the other hand, the same progression has not been evident for the top income taxpayers, largely because the taxpayers had larger personal deductions.

These considerations were one factor bearing upon our recent action to reduce excise taxes which were a regressive element in our tax structure. In the longer run they require that we be especially alert to finding efficient ways to reduce income taxes at lower income levels. The provision in the Revenue Act of 1964 for the minimum standard deduction was a breakthrough in providing a new method of lessening the tax burden of those who can least afford to carry it. Possible expansion of this and other methods deserves continuing study.

Another issue in the area of tax structure is presented by the impediments to the flow of capital and the unlike treatment of like income. This is a perennial problem that needs continued attention to preserve confidence in the justice of our tax system and efficiency and mobility of our capital markets.

Decisions on changing the level of tax rates will bring to the forefront many other questions of tax structure. It is quite obvious that "taxation for revenue only" is not a principle that is rigidly adhered to in the United States. We have assigned to our tax law the function of encouraging diversified activities. The difficulty here is that this multitude of specific objectives tends to conflict with the basic objective of raising an amount of revenue necessary for our overall fiscal policy in a way that is equitable between taxpayers. This conflict is the root of our continuing concern about the matter of income tax reform.

The pursuit of diverse objectives through the tax law has in practice meant that some of the particular objectives tend to receive rather cursory examination, without full and continuing analysis of the effectiveness of the provision in accomplishing the desired objective. Expenditure programs are subject to an annual and rather critical review during the appropriation process. This means review both within the committees and on the floor of the House and of the Senate.

On the other hand, the question of whether or not we get our moneys worth from a particular incentive in the tax law is raised for discussion perhaps once a decade, and then is dropped if the matter is not carried forward by one committee. What is needed to improve our tax laws is some quite hardheaded analysis of whether or not the various preferential tax provisions—in effect an indirect Government expenditure—are an efficient way of reaching the objectives that we want.

The process that I am referring to is not different from the program analysis that the Bureau of the Budget has been trying to develop in various areas of direct Government expenditure programs. It requires detailed hard work to specify what we are trying to do and to measure the degree and cost of accomplishment. Such analysis might well be applied to areas of the tax collection and administration process as well as to the substantive law itself. This kind of analysis calls for considerable cooperation with the business, professional, and academic communities, cooperation between various Government departments, and for a strengthened research and analytic capacity within the Treasury.

Flexibility

In conclusion, I would like to refer to the matter of flexibility in fiscal policy. Whether we are at full employment or on a path to full employment, we must be aware of the possibilities of unexpected developments in the private economy that would tend to stall the growth of income.

The Congress has demonstrated that it can act quickly on important fiscal legislation, as it did in passing an excise tax cut in 32 days. The important thing here was a broad initial consensus on policy, aided in large measure by the decision of the Ways and Means Committee to hold hearings on the issue prior to a legislative proposal.

This committee might make an important contribution to this aspect of the fiscal policy problem by undertaking some studies of the kind of temporary changes that should be made in fiscal policy to deal with the unexpected. What role should be assigned to tax cuts or expenditure speed-ups when more expansion is needed? As to tax reduction, what form of tax reduction is most appropriate?

The problem of flexibility in fiscal policy brings home in a striking way the problem before this committee and before all the fiscal policymakers. The

problems are not only tough but also in the future decisions will sometimes have to be made rapidly. The kind of constructive analysis that this committee is undertaking will help assure that these decisions will be soundly based.

Exhibit 21.—Statement by Under Secretary of the Treasury Barr, April 21, 1966, before the Committee on Banking and Currency, House of Representatives, on the Participation Sales Act of 1966

I welcome this opportunity to be with you today to support prompt passage of the Participation Sales Act of 1966. This bill is designed to provide for an efficient and orderly method of liquidating financial assets held by Federal credit agencies and to promote private financing of Federal credit programs.

This legislation merely provides for an extension of a technique that has been carefully tested and has proved its value to the Nation. There is nothing essentially new or unusual in what we are proposing.

Under authority provided in 1964, the Federal National Mortgage Association, as trustee, has sold \$1.6 billion of certificates of participation in pools of assets set aside by the Veterans' Administration, and by itself under its special assistance and management and liquidating functions. The Participation Sales Act of 1966 would broaden and make available on a Government-wide basis this same authority for the sale of participations in pools of financial assets owned by Federal credit agencies.

The objective of this bill is to limit and to reduce the Government's portfolio of direct loans by substituting private for public credit. We cannot justify immobilizing the dollars of the taxpayer by holding larger and larger amounts of loans when the private credit markets can and want to participate with us in our credit programs.

In 1961, our loan portfolio stood at \$25.1 billion. By June 30, 1965, it had increased to \$33.1 billion. The program of asset sales in which we have engaged during fiscal year 1966 and the program that is proposed in the President's budget message for fiscal year 1967, will reduce this total to \$31.5 billion on June 30, 1967. Without the fiscal year 1966 action and the program proposed in the budget, the portfolio total would be about \$39 billion on June 30, 1967. This is clearly an unacceptable level.

The substitution of private for public credit has been a continuing objective of the Congress and successive administrations for more than a decade. It was a recurring theme in President Eisenhower's budget messages in 1954, 1955, 1956, and 1958. Encouraging the flow of private credit was strongly supported in the 1961 Report of the Commission on Money and Credit and in the 1964 Report of President Kennedy's Committee on Federal Credit Programs. Further, expansion of the asset sales program was urged in 1963 in a minority report of the House Ways and Means Committee on H.R. 6009 (to provide temporary increases in the public debt limit):

"The administration also can always reduce its borrowing requirements by additional sales of marketable Government assets * * * .

"For example, when the Secretary of the Treasury was before the committee on February 27, we suggested that it was incumbent upon the administration to show good faith before coming to the Congress for an additional increase in borrowing authority. We pointed out that the Government held about \$30 billion in loans, many of which were readily marketable. In fact, there was a very good market for many of these loans. Instead of increasing its offering of these loans to private lenders, the administration was then acting on the supposition that the Congress would automatically accede to a request for an increase in its borrowing authority * * * .

"Our refusal to grant the administration's request last February produced results. In the interim of less than two months the administration found that it could increase revenues from the sale of loans by an additional \$1 billion for fiscal 1963. Now, the administration estimates that it will realize \$2.082 billion—as contrasted with an original estimate of only \$0.929 billion less than two months ago * * * ."

Let me outline the procedure which would be followed under the bill, including the effect of the provision bearing on the sale of assets carrying interest rates below those prevailing in current markets:

—Each lending agency would be authorized to enter into a trust agreement with FNMA under which it would set aside on its books certain of its loans, subject

them to a trust and, for purposes of the trust, guarantee the loans, including timely payments of principal and interest. The bill would permit the substitution of other loans in the event of default or likely default on any of the loans subjected to the trust agreement. In fulfilling its guarantee, the lending agency would be authorized to use any appropriated funds or other funds available for the general purposes of programs to which the obligations subject to trust are related.

—FNMA would, as it has already done as trustee for VA and FHA mortgage loans, issue and sell participations based on such pooled obligations and on the right to receive principal and interest collections from those obligations. FNMA would also, in its corporate capacity, guarantee all payments due on the participation certificates sold. For the purpose of making timely debt service payments FNMA would be authorized to borrow from the Treasury under the procedures provided in subsection (d) of section 306 of the Federal National Mortgage Association Charter Act.

—Because of the right of substitution and the lending agency guarantee, it would not be anticipated that either the FNMA guarantee or the Treasury borrowing authority would have to be used. These additional safeguards, however, would help to assure the most favorable market reception for the participation certificates and minimize the interest rates at which they could be sold.

—Proceeds of the participation certificates sold would be paid over to the lending agency. They would become available for new loans only to the extent that repayments of the underlying obligations can be used for new loans under existing law and congressional controls.

—The loans pooled by the lending agency would have to be of such amounts, interest rate, and maturities as to insure principal and interest collections sufficient to meet the payments due on the participation certificates. The only exception would occur when an agency was previously authorized, in an appropriation act of the Congress, to include obligations bearing submarket interest rates. In that event, an appropriation would be established on the books of the Treasury sufficient to enable the lending agency to pay FNMA, as trustee, the amount of any deficiency. This is an important provision of this legislation which will insure that the Congress will maintain effective control over these programs.

—While title to the pooled loans would pass to FNMA in trust, the lending agency would continue to maintain custody and service of the loans. I want to make clear at this point that the lending agency would maintain complete administrative control over its programs.

—Borrower payments on the pooled loans would be paid to the lending agency and then turned over to FNMA to be applied toward payments becoming due on the participation certificates. Any collection receipts in excess of the amounts needed to assure payment on the participation certificates would be returned to the lending agency, after deduction of FNMA's costs. Any additional expenses would be paid by the lending agency, using either appropriated funds or other amounts available for the purposes or programs to which the obligations subject to trust were related.

The sale of participation certificates through FNMA would also assure the essential coordination of asset sales by different agencies. It would not make sense for agencies to market their assets in a way that interfered with similar efforts on the part of sister agencies. All are marketing an essentially similar product: an obligation backed by the Federal Government.

Coordinated offerings through FNMA would mean that market offerings could be timed and adapted in other respects to minimize interest costs, maximize marketability, and, in general, gain the greatest benefit from this technique for drawing private investment funds into Federal credit programs.

The bill would also assure the most effective coordination of participation sales operations with the Treasury's debt management operations. The Treasury has long-established and excellent working relations with FNMA in coordinating market operations with overall debt management policy.

Although similar arrangements have been and could be established with other agencies, the coordinating job would become increasingly complex and would require unnecessary staffing and other administrative costs.

The problems of scheduling a large number of separate agency issues to avoid market congestion and to minimize the cost to the Government would be both formidable and unnecessary. Difficulties in timing and coordination would be compounded during periods of rapidly changing market conditions, leading to possible disruptions of needed credit programs.

The participation sales technique, as compared with the outright sale of Federal loans, provides significant additional marketing flexibility and thus

assures that Federal agency assets will be more readily salable and at lower interest rates.

The participation technique, in effect, converts obligations of relatively narrow market acceptability into obligations of broad marketability which are attractive to a wide variety of purchasers: banks, insurance companies, pension funds, and other institutional investors.

Since the FNMA participation instruments have already gained broad acceptance in the market, the Government should capitalize on this proven experience and avoid the "startup" costs that other agencies would encounter if they approached the market individually.

This bill is a recognition of and response to the growing size and complexity of Federal credit program financing operations and the need for coordinating these operations with the overall financial activities of the Federal Government.

Again, I want to endorse this legislation and urge its prompt enactment.

ATTACHMENT

HOW THE PARTICIPATION SALES ACT WOULD WORK

The following two examples are illustrative of the procedures that would be followed in implementing the provisions of the "Participation Sales Act of 1966." Example No. 1, the SBA, outlines the procedures in the case of programs in which loans are made at market rates. Example No. 2, CFA College Housing Loans, details the procedures that would be followed in the case of a program with submarket rates.

Example 1. Small Business Administration

The Small Business Administration would enter into a trust agreement with FNMA under which SBA would set aside on its books certain of its business loans. These loans would be in such amounts, have such interest rates and maturities so as to assure principal and interest collections sufficient to meet the payments due on these participation certificates.

These loans would be subjected to a trust and would be guaranteed by SBA. To fulfill its guarantee, SBA would be authorized to use any appropriated funds or other funds available to it for the direct loan program. Following past practices, SBA could also be expected to set aside a reserve equal to 10 percent of the principal amount of the loans subject to trust. In addition, SBA would agree to substitute good loans in the event of default or likely default on any of the loans subjected to the trust agreement.

FNMA as trustee would issue and sell participations based on such pooled obligations and on the right to receive principal and interest collections from those obligations. FNMA in its corporate capacity would also guarantee timely payment of principal repayments and interest due on the participation certificates, and for this purpose FNMA, if necessary, would be able to borrow from Treasury any amounts needed under the procedures provided in subsection (d) of section 306 of the FNMA Charter Act.

Proceeds of the participations sold, after deduction of the costs of the transaction, would be paid over to SBA and become available for new loans subject to the overall loan authorization provided by the Congress. In addition, as Mr. Ross Davis has testified, SBA would continue to count against the loans outstanding authorization the principal amount of all loans placed in trust. Consequently, SBA would not be enabled to increase its loans outstanding except to the extent the Congress has already provided authorization for additional loans or provides additional authorizations for the same purpose in the future.

While title to the pooled SBA loans would pass to FNMA in trust, SBA would continue to maintain custody and service of the loans. Consequently, SBA would continue to maintain complete administrative control over its programs.

In accordance with the trust agreement, SBA would pay over to FNMA periodically repayments of principal and interest on the pooled loans. Any collection receipts in excess of the amounts needed to assure the payments on the participation certificates would be returned to SBA after deduction of FNMA's costs, and any additional expenses would be paid by SBA from appropriated funds or other amounts available for the general purposes or programs to which the obligations subject to the trust are related.

Example 2. College Housing Loans, Community Facilities Administration

The Community Facilities Administration of the Department of Housing and Urban Development, would in the normal appropriations process request approval

of the Congress to sell an amount of participations in the CFA loan portfolio. The Appropriations Committees would be free to approve or reject the request or to change the amount, thus maintaining strict control over the amount of funds which would be made available to CFA for new college housing loans.

If the Appropriations Committees approved the sale of, say, \$820 million, the amount proposed for fiscal 1967, of participations, there would be established on the books of the Treasury an indefinite appropriation which would enable CFA to pay FNMA the interest insufficiency arising from the difference between the rates of interest on loans and on participation certificates. Obviously, the Congress would be provided with estimates of the amount of anticipated expenditures under this appropriation but the exact amounts would, of course, depend upon market rates of interest at the specific times the participation certificates were sold.

This indefinite appropriation would cover the payments throughout the life of the participation certificates sold under the authorization. It would not run to additional issues of participation certificates for which new authorization would be required.

The Community Facilities Administration of the Department of Housing and Urban Development would then enter into a trust agreement with FNMA under which Community Facilities Administration would set aside on its books certain of its loans, all of which presently bear interest rates significantly below current market rates of interest.

As in the SBA example, CFA would subject these loans to a trust, and guarantee the loans, and undertake to substitute good loans for loans which default or are likely to default.

Similarly FNMA would as trustee issue the participations and in its corporate capacity guarantee the timely payment of principal and interest on the participation certificates, again with the support of its borrowing authority from Treasury.

Proceeds of the participation certificates sold would be paid over to CFA and become available for new college housing loans in accordance with the intent of the Congress in initially providing the authority to sell an amount of participations.

Again, as in the SBA case, CFA would continue to maintain custody and service of the loans and exercise full administrative control over its program.

Since the pooled loans would bear interest below the rate at which the participation certificates could be sold in the market, from time to time CFA would also draw on the indefinite appropriation authorized at the time the participation sale was authorized to make payments to FNMA for the amount of the interest insufficiency.

Exhibit 22.—Statement by Deputy Under Secretary of the Treasury for Monetary Affairs Sternlight, March 31, 1966, before the Banking and Currency Committee, House of Representatives, on the marketing of certain debentures by the Small Business Administration

Mr. Chairman, I appreciate this opportunity to appear before your committee and cooperate in any way that I can in your consideration of the marketing of certain debentures by the Small Business Administration.

In my position at the Treasury I must keep in close touch with developments in various financial markets. This is essential in participating in the planning of the Treasury's own debt management operations. My job also involves frequent consultation with other Federal agencies that market debt offerings from time to time.

This checking and coordination with other agencies is done partly for the purpose of providing Treasury advice as to appropriate interest rates and other terms to be offered, and partly to provide Treasury guidance regarding the timing of different offerings. There is an effort to coordinate different agency offerings with one another, and to coordinate the broad area of agency offerings with the Treasury's own debt management operations.

As for the particular debentures which the SBA has recently offered for sale, I had several conversations about this with Mr. Richard Kelley of SBA, dating back to last January. At that time he acquainted me with general specifications of the debentures proposed for sale, and those terms were reviewed by our technical staff at Treasury. For the section 302 debentures, SBA suggested, around mid-January, a yield to investors of 5¼ percent, and this seemed appropriate to

us, although it must be said that in the case of new offerings entering the market for the first time there is bound to be considerable uncertainty as to what is the "right" rate of return. The 5¼ percent yield on SBA debentures in mid-January compared with a yield on 10-year Treasury issues of about 4.60 percent, and on new high-grade long-term corporate bonds of about 4.90 percent.

Even with this yield advantage, the 5¼ percent return on SBA debentures apparently did not prove attractive. The debentures had a Government agency guaranty, but the market is sometimes rather fickle in its evaluations, and SBA's endorsement did not carry as much weight as do the guarantees of Treasury, or even of some other Federal agencies. In addition the SBA debentures are callable at any time, and however likely this event may be it is another element of uncertainty for the investor. A further limitation on the debentures is their lack of ready marketability. There is no group of primary dealers ready to make markets at narrow price spreads, as we have in the case of Treasury issues, and to a varying degree in a number of Federal agency issues. In this respect the SBA debentures are more like a private placement of a corporation with an institutional investor. Any secondary sale would be a negotiated deal between buyer and seller, in which the seller might have difficulty in locating a ready market.

A month after this initial discussion of an appropriate rate, with no progress having been made on the SBA's section 302 debentures and the SBA still very much in need of funds to continue their operations, the Treasury was again asked to review a rate on these debentures. This was mid-February. The bond market had meanwhile moved substantially higher in rate as it looked ahead to heavy credit demands and a more restrictive monetary policy. Yields on 10-year Treasury issues had risen some 30 basis points (¾ of 1 percent) to about 4.90 percent. Reoffering rates on high grade corporates were up about 20 basis points to 5.10 percent. We agreed with SBA that it would be appropriate to offer a 5½ percent rate on their section 302 debentures. The Export-Import Bank was also making a 5½ percent offering at this time, and while their offering met with no great enthusiasm they did succeed in placing some \$360 million of their paper.

For the SBA debentures, the 5½ percent rate did not prove successful. The sharp upsweep of market rates had been such that even this high level held little appeal for a security carrying the features mentioned earlier.

Further discussions were held with SBA in early March. By this point, market rates, for example, on 10-year Treasury bonds and high grade corporate issues had risen another 10 to 15 basis points from mid-February. There were some signs that the markets might be stabilizing, but there had been disappointments on this score before and there could be no real confidence that a real change of atmosphere was coming. The market was rife with talk of a possible prime rate increase, which in fact came to pass on March 10, and there was some apprehension as to how the money market would weather liquidity pressures around forthcoming tax and dividend dates.

Had the same relationship been sought between an SBA debenture rate and other market interest rates in early March, there might have been an attempt to market the section 302 debentures to yield about 5½ percent, but there is no reason to believe that this differential would have succeeded any better in early March than in mid-January or mid-February. We therefore agreed to the SBA suggestion that a 5¼ percent rate be employed—recognizing that it was high, but also recognizing that an incentive of this kind was needed to get the job done. A good volume of the debentures was placed at this rate, but it still required a selling job, and the rate of progress suggested that the yield, while attractive, was not excessively generous under the circumstances.

Over the past 10 days, a better market atmosphere has developed, and I understand that the opportunity has been taken to discontinue offering the 5¼ percent rate and make subsequent offerings at a slightly lower rate. This certainly seems appropriate in the case of an offering on which the books stay open as long as they do for these debenture placements.

One clear lesson from this experience with the placement of section 302 debentures is that we should consider other techniques in addition to this one for drawing private funds into the Federal credit programs. A good technique, I believe, is the sale of participations in pools of assets, which has been employed successfully by FNMA on behalf of its own and VA's mortgage portfolios. Such sales of participations for SBA are authorized by a bill recently passed by the Senate, S. 2499, and now before this committee.

Exhibit 23.—Other Treasury testimony published in hearings before congressional committees, July 1, 1965—June 30, 1966

Secretary of the Treasury Fowler

Statement on "The Budget for 1967", published in hearings before the Committee on Appropriations, House of Representatives, 89th Congress, 2d session, January 31, 1966, pages 4-15.

Statement on H.R. 14026 and H.R. 14222, bills to eliminate unsound competition for savings and time deposits, published in hearings before the Committee on Banking and Currency, House of Representatives, 89th Congress, 2d session, May 19, 1966, pages 131-137.

Under Secretary of the Treasury Barr

Statement on S. 2499, a bill to provide for the sale of participations in pools of loans held by the Small Business Administration, published in hearings before the Committee on Banking and Currency, House of Representatives, 89th Congress, 2d session, March 31, 1966, pages 57-61.

Statements on H.R. 14544 and S. 3283, bills to promote private financing of credit needs and to provide for an efficient and orderly method of liquidating financial assets held by Federal credit agencies (Participation Sales Act of 1966):

1. Before the Committee on Banking and Currency, Senate, 89th Congress, 2d session, April 26, 1966, pages 12-19.

2. Before the Committee on Rules, House of Representatives, 89th Congress, 2d session, May 5, 1966, pages 67-69.

Statement on bills to eliminate unsound competition for savings and time deposits published in hearings before the Committee on Banking and Currency, House of Representatives, 89th Congress, 2d session, June 7, 1966, pages 440-443.

Public Debt Management

Exhibit 24.—Letter from the President to the Secretary of the Treasury, January 18, 1966, directing him to recommend a higher interest rate on U.S. savings bonds

THE WHITE HOUSE,
January 18, 1966.

HON. HENRY FOWLER,
Secretary of the Treasury, Washington, D.C.

DEAR MR. SECRETARY: Over the years, one of the strongest links between this Government and its citizenry has been the United States Savings Bond program. Born in the critical days before our entry into the Second World War, this program has been, for the Government, a vital source of noninflationary financing for needed Government programs. For the public, it has provided a matchless means for accumulating savings with absolute safety, and with an attractive rate of return.

A successful Savings Bond program is of particular urgency at this time—facing as we do a firm commitment to the defense of freedom in Vietnam and a strongly rising economy at home. We must not, and will not, at this juncture, permit our strength to be sapped by inflation.

Today, above all, is a time for all Americans to rededicate themselves to the spirit that animated the Minutemen of Concord—who serve as the symbol of the Savings Bond program. For today, as at the founding of our Nation, it is freedom which is again at stake. Not all of us are called upon to fight in the jungles of Vietnam, but while our men are there, in the frontlines of a distant land, none of us can remain aloof on the sidelines. We must all do our share—in every way we can—to support our men in Vietnam. One sure way is open to all Americans through the Savings Bond program.

On several occasions during the postwar period it has been necessary to improve the rate of return on Savings Bonds in view of the higher rates available to many savers in various private savings accounts. The last change was made in 1959. To have failed to make those adjustments would have been a disservice both to the Government and to the public at large—risking inflationary dangers, complicating the task of managing our Government finances, and depriving millions of small savers of a reasonable rate of return on their funds entrusted to the Government.

We are again at a point where rates available on a variety of alternative forms of savings have moved above the rate now paid on U.S. Savings Bonds. At the same time, we are at a point where maximum savings are vital to our national welfare—indeed, to our national future. Another increase in rate on those bonds is now timely.

In order to sustain and enlarge the vital role of the Savings Bond program, I therefore direct you to set in motion the necessary machinery for raising the interest rate on these bonds as of the earliest feasible date. Please submit to me as soon as possible your specific recommendations.

As in past rate changes, I would like you to make appropriate rate adjustments on outstanding savings bonds as well, so that no current bondholder need cash in his current holdings in order to gain the advantage of the attractive new rate, and no prospective buyer need feel that he should delay his purchase to await the higher rate.

Sincerely,
LYNDON B. JOHNSON.

Exhibit 25.—Press release, February 16, 1966, stating that the President had approved and announced the new savings bond interest rate, letter from the Secretary of the Treasury to the President recommending the new rate, and a summary of improved redemption values and investment yields for Series E and H bonds

President Johnson today announced an increase in the interest rate on U.S. savings bonds. New bonds will earn at the rate of 4.15 percent instead of the previous 3.75 percent. Future rates of earning on outstanding bonds are also being increased.

Attached is a letter to the President from Secretary Fowler recommending the new program and a summary sheet detailing the new bond offerings directed to all the Federal Reserve banks and other issuing and paying agents who transact U.S. savings bonds business with the public. Printed circulars¹ will later be distributed. Also attached are tables² showing redemption values and investment yields for Series E and H bonds issued beginning December 1, 1965. All savings bonds purchased since December 1, 1965, will earn at the new rate of 4.15 percent to maturity.

In addition to the issuance of new Series E and H savings bonds at an interest rate above the previous rate, the Presidential action raised the earnings after December 1, 1965, of outstanding E and H savings bonds.

TREASURY DEPARTMENT
February 16, 1966.

THE PRESIDENT,
The White House.

DEAR MR. PRESIDENT: In your letter of January 18, 1966, you directed me to recommend as soon as possible a higher interest rate on United States Savings Bonds, in order to sustain and enlarge the vital role of this program.

You stated in your letter that a rate increase at this time would serve important national purposes. This conclusion, meeting the requirements of the Act of September 22, 1959, which amended the Second Liberty Bond Act, is clearly justified not only in view of the higher rates now available on various private savings accounts, but also in light of current needs to sustain vigorous noninflationary growth and manage our public debt soundly. Above all, such a move is in our national interest now, so that a healthy economy at home provides maximum support to our efforts on behalf of defending freedom in Vietnam. With these facts in mind, I recommend the following:

- (1) that all Series E and H bonds sold beginning December 1965 earn 4.15 percent per annum compounded semiannually, if held to maturity, with yields for shorter periods of holding also increased from current levels;
- (2) that all outstanding Series E and H bonds sold before December 1965 earn 4/10 of 1 percent more than before to next maturity, starting with the interest period of five months or more which begins on or after

¹ See exhibits 6 and 8 for pertinent Public Debt circulars.

² Omitted from this exhibit. See page 204 and page 263.

December 1, 1965, with lesser improved yields for shorter periods of holding;

- (3) that Series E bonds with issue dates of April 1956 through April 1957 (which had not reached maturity before December 1965) on which a 3.75 percent 10-year extension had already been promised and those with issue dates of May 1957 through May 1959 on which a 10-year extension had been promised earn interest at an annual rate of about 4.15 percent for each half-year period of holding to extended maturity;
- (4) that matured Series E bonds with issue dates of December 1945 through May 1949 (which had not reached first extended maturity before December 1965) on which a 3.75 percent second 10-year extension had already been promised earn interest at an annual rate of about 4.15 percent for each half-year period of holding to second extended maturity; and
- (5) that unmatured Series H bonds with issue dates of April 1956 through January 1957 (which had not reached maturity before December 1965) on which a 3.75 percent 10-year extension had already been promised earn interest at an annual rate of about 4.15 percent for each half-year period of holding to extended maturity.

Your approval of the above recommendations will enable the Treasury to issue the necessary regulations and put them into effect.

Faithfully yours,
HENRY H. FOWLER.

SUMMARY

IMPROVEMENTS IN SERIES E AND H SAVINGS BONDS, EFFECTIVE DECEMBER 1, 1965

1. New Series E and H bonds with issue dates of December 1, 1965, and after, earn 4.15 percent compounded semiannually, if held to maturity (instead of former 3.75 percent). On the accrual type E bonds the increase from 3.75 percent to 4.15 percent is accomplished by reducing the term of the bond to 7 years (instead of former 7 years and 9 months). The purchase price of E bonds will continue to be 75 percent of face value. On the current income H bond the increase is accomplished by raising the amounts of the semiannual interest checks. The H bond is issued at par, is redeemable at par (on one month's notice after six months' holding), and matures at par at the end of 10 years.

(a) There are also improved redemption values and investment yields if the new E bonds are held for less than the 7 years to maturity. Some examples are:

When held for—	Yield for—		
	Redemption value per \$100 bond	Period held (percent)	Period remaining to maturity (percent)
1 year.....	\$77.28	3.02	4.34
2 years.....	80.40	3.51	4.41
3 years.....	83.84	3.75	4.46
5 years.....	91.44	4.00	4.52

(b) As before, interim yields on the new H bonds are generally in line with the new E's for equal periods of holding. Interest checks after the first two will be level providing 4.3 percent current income after the first year of holding.

2. Outstanding E and H bonds purchased before December 1, 1965—earn 4/10 of 1 percent more than before the remaining period to next maturity. There will be lesser improvement in yields if bonds are redeemed earlier. The increase will be on a graduated scale, starting with the first interest period of 5 months or more which begins on or after December 1, 1965. There is no retroactive increase in interest rates for periods prior to December 1, 1965.

3. Interest rates on bonds entering a new extension period beginning December 1, 1965:

(a) Unmatured E bonds:

(1) Issued April 1956 through April 1957 (which had not reached maturity before December 1, 1965) on which a 3¼ percent 10-year extension had already been promised and those issued May 1957 through May 1959 on which a 10-year extension had been promised, will earn interest at an annual rate of about 4.15 percent for each half year period of holding to extended maturity.

(2) Issued beginning with June 1959 have already been promised a 10-year extension privilege. Interest rates and other terms and conditions will be determined as they approach maturity.

(b) Matured E bonds, issued December 1945 through May 1949 (which had not reached first extended maturity before December 1, 1965) on which a 3¼ percent

second 10-year extension had already been promised will now earn interest at an annual rate of about 4.15 percent for each half year period of holding to second extended maturity.

(c) Unmatured H bonds, issued April 1956 through January 1957 (which had not reached maturity before December 1, 1965) on which a 3½ percent 10-year extension had already been promised will earn interest at an annual rate of about 4.15 percent for each half year period of holding to extended maturity.

Exhibit 26.—Statement by Secretary of the Treasury Fowler, June 13, 1966, before the Senate Finance Committee, on the public debt limit

The President in his Budget Message last January requested legislation that would raise the ceiling on the public debt for the period after June 30, 1966. Existing law provides that the temporary debt limit, now at \$328 billion through June 30, 1966, will revert to the permanent limit of \$285 billion on July 1, 1966, making legislative action essential prior to the end of the fiscal year.

Otherwise the Treasury and the U.S. Government will be in the impossible position of being unable to refinance maturing debt as it comes due and, as our cash balances are exhausted, unable to pay for Government expenditures.

Last year when I appeared before you on the debt limit we indicated a need for a temporary ceiling of \$329 billion to cover the high point of our needs on March 15, 1966. I wish to report that on that date our debt limit need, within the conventional framework of a \$4 billion cash balance and a \$3 billion leeway, was within \$300 million of our estimate. That is, the actual debt subject to limit was \$323.4 billion, while the cash balance was \$1.2 billion. If the cash balance had been at the normal \$4 billion level, the debt would have been \$326.2 billion—or only \$300 million away from the \$325.9 billion on which we had based our estimated need for a \$329 billion limit.

There was no need to draw upon the leeway for contingencies so we were able to live with the fact that the House committee, in reducing our request to \$328 billion, actually allowed us only a \$2 billion margin for contingencies. Following the House action last year I appeared before this committee and, in the interest of prompt action, requested only a \$328 billion ceiling rather than our indicated need for \$329 billion. This shaving of the request entailed some risks but I saw no strong objection and entered none.

This year in our request for a new debt limit ceiling we have as usual assumed a \$4 billion constant cash balance. This plus the \$3 billion allowance for contingencies has been the basis for previous requests. However, as the committee knows, the cash balance necessarily fluctuates over a wide range; it will frequently be high after tax dates and new financings and can safely be lower immediately before tax payment dates.

This \$4 billion cash balance base is a conservative number to cover our actual needs. Since the level is necessarily much higher than this after tax dates and major cash borrowing dates, it would have to be considerably lower than this level on many other occasions in order to average \$4 billion. In fact, our average cash balance in fiscal 1965 was \$6.3 billion and the average was last below \$4 billion in fiscal 1958. I am pleased to report that this year, through vigorous efforts, we will hold the cash balance to an average of about \$5.0 billion. That is only slightly over half a month's budget expenditures and is about as low as one can go in prudence to economize on our cash balances. At one point this past year our cash balance was down to \$573 million—the lowest level since before World War II. This was certainly an unsustainably low level, but it was indicative of our continuing effort to keep the balance as low as is consistent with sound fiscal management.

The customary \$3 billion debt ceiling allowance for contingencies represents a minimum margin of safety to cover events we cannot now foresee as well as to cover the uncertainties of month-to-month estimates of receipts and expenditures for thirteen months in the future. In addition, Treasury borrowing operations are necessarily in large amounts and are attuned to both our needs and favorable market opportunities. Because these borrowings cannot be adjusted perfectly to day-to-day changes in our cash balances we must have the leeway to cover the temporarily higher debt levels immediately following a financing.

Other than the requirements for a minimum cash balance and a contingency allowance, the debt ceiling requirement depends to a considerable extent on

(1) the seasonal imbalance in our receipts and expenditures and (2) the result of the previous fiscal year's receipts and expenditures on the public debt.

On the first point we will have received about 42 percent of our revenues in the first half of fiscal 1966, whereas expenditures will be approximately equal in the two halves of the year. Thus in fiscal 1966, as usual, we have had to borrow heavily in the July-December period and, with large tax receipts in March, April, and June, we will pay off all or a large part of these seasonal needs in the spring months. On the second point—namely, the prior year's fiscal result—the level of the debt at the end of the prior fiscal year determines the starting point for the succeeding year's seasonal needs. Because the peak seasonal needs have not varied greatly from year to year, the sequence can almost be simplified to the point of adding the prior year's deficit to the prior year's debt limit to get the new year's debt limit. In other words, the deficit for fiscal 1966 added to the \$328 billion limit for 1966 will closely approximate 1967's needs. This rough rule of thumb works well for fiscal 1967 and our more refined estimates produce almost the same number as this guide.

As you know, the President in his Budget Message last January estimated fiscal 1966's deficit at \$6.4 billion, based on revenue estimated at \$100 billion and expenditures at \$106.4 billion. Since then two changes have occurred in our revenues. First, a more timely payment of withheld income taxes is expected to add nearly \$1 billion to June revenues. About 75,000 larger employers will be required to deposit withheld income taxes twice a month rather than once a month. A similar system will also apply on social security taxes. The first such payment is due on June 20, 1966, at about the time when payments are coming in under the old schedule covering a full month's liability. This one-shot doubling up will affect only 1966 revenues.

Secondly, the pace of collections on other taxes has also increased. Individual income taxes not withheld are running in excess of the amount we estimated last January. There has been no change in estimated income in calendar 1965, on which fiscal 1966 revenues are based. Thus it may well be that the marginal tax take from higher income has continued to rise. However, it is not unusual to have revisions in the prior year's income data, and a precise analysis of the reasons for the increase must await the availability of more data.

While a refined estimate of the improvement in revenue is not available, we used \$102.5 billion of revenues as our planning base at the hearings before the House Ways and Means Committee last month. We indicated at the same time that this was a conservative estimate, and that the revenues might turn out as much as half a billion dollars higher, in other words at \$103 billion. As I said, a fully refined estimate is still not possible—the heavy June payments are still ahead of us. On the expenditure side the Director of the Bureau of the Budget has advised me that within a narrow range the \$106.4 billion estimate of the January budget is still a good appraisal of the expenditure outlook for fiscal 1966. However, there are uncertainties still facing us with respect to expenditures and this \$106.4 billion represents the middle of a range rather than a precise forecast. Putting the \$102.5 billion of revenues and \$106.4 billion of expenditures together, we would now look to a deficit of about \$3.9 billion this year, an improvement of \$2.5 billion over the January estimate.

The uncertainties of the future are more cloudy than is normal at this time. To the usual questions of congressional actions on the President's budget requests, must be added not only the uncertainties of Vietnam costs, but also the uncertainties as to the pace and scale of our economic growth—that is whether the rates of growth characterizing recent quarters will be maintained. These factors can have both expenditure and revenue consequences of sizable magnitude. Weighing all the uncertainties and imponderables together, however, we have preferred to continue to use the \$1.8 billion deficit estimate for fiscal 1967, made last January.

On these estimates for fiscal years 1966 and 1967 and bearing in mind all the uncertainties, we have projected forward the public debt at mid-month and at month-end through fiscal 1967 shown in the attached table. The table is similar to the one that accompanied my statement to the House Ways and Means Committee last month. The debt projections are in the same format as in previous debt limit hearings and assume a constant Treasury cash balance of \$4 billion. On this basis the debt will rise to a seasonal peak of \$328.7 billion on March 15, 1967. This prospective level of debt, rounded to \$329 billion, and augmented by the usual \$3 billion allowance for contingencies would under our customary procedures be the basis for requesting at this time a new temporary debt limit of \$332 billion to carry us through June 30, 1967.

As you know, the House Ways and Means Committee has approved an increase only to \$330 billion, and the House has already given its approval to this lower level. At the time of the House committee hearing I indicated great reluctance to accept a limit of only \$330 billion, since on the basis of our estimate then there would have been three occasions during the year when we would come within the \$3 billion contingency reserve, and this represented too thin a margin for prudent operation. I did indicate to the House Ways and Means Committee that we could in all likelihood operate within a \$331 billion ceiling.

I would still prefer a ceiling of \$331 billion but I am prepared to accept a level of \$330 billion, and in the interest of speedy passage of this needed legislation I therefore request that you approve the same ceiling already approved by the House: that is, \$330 billion.

Our estimates show that this will give us a very tight squeeze in early 1967—and as I said earlier the current uncertainties are more than normal at this time of year—but I believe we may be able to operate within this more circumscribed limit. I must tell you, however, that if this should not appear to be working out, because of one or another of the various uncertainties that I have mentioned, we would have to come back before the end of fiscal 1967 for a revision of this limit.

TABLE I.—*Estimated public debt subject to limitation, fiscal year 1967*

[In billions. Based on constant minimum operating cash balance of \$4.0 billion]

Period	Operating cash balance (excluding free gold)	Public debt subject to limitation	Allowance to provide flexibility in financing and for contingencies	Total public debt limitation required
<i>1966</i>				
June 30.....	\$4.0	\$313.3	\$3.0	\$316.3
July 15.....	4.0	316.6	3.0	319.6
July 31.....	4.0	316.8	3.0	319.8
August 15.....	4.0	318.4	3.0	321.4
August 31.....	4.0	320.3	3.0	323.3
September 15.....	4.0	323.4	3.0	326.4
September 30.....	4.0	318.1	3.0	321.1
October 15.....	4.0	321.9	3.0	324.9
October 31.....	4.0	322.2	3.0	325.2
November 15.....	4.0	324.4	3.0	327.4
November 30.....	4.0	324.6	3.0	327.6
December 15.....	4.0	327.8	3.0	330.8
December 31.....	4.0	323.0	3.0	326.0
<i>1967</i>				
January 15.....	4.0	325.3	3.0	328.3
January 31.....	4.0	324.1	3.0	327.1
February 15.....	4.0	325.2	3.0	328.2
February 28.....	4.0	324.7	3.0	327.7
March 15.....	4.0	328.7	3.0	331.7
March 31.....	4.0	323.5	3.0	326.5
April 15.....	4.0	327.5	3.0	330.5
April 30.....	4.0	318.6	3.0	321.6
May 15.....	4.0	319.8	3.0	322.8
May 31.....	4.0	320.4	3.0	323.4
June 15.....	4.0	324.7	3.0	327.7
June 30.....	4.0	314.9	3.0	317.9

Exhibit 27.—Remarks by Under Secretary of the Treasury for Monetary Affairs Deming, November 19, 1965, before the 34th mid-continent trust conference of the American Bankers Association, St. Louis, Mo., on problems of Government financial management

In this momentary escape from my regular schedule—between excursions to Europe to discuss problems of international finance and following the last Treasury cash financing for this year—it is a pleasure to stop for a moment again in St. Louis and to greet old friends and acquaintances. I see that the keystone has been placed on the Gateway Arch, the new bridge is nearly across the Mississippi, and the downtown development boom is flourishing.

Usually I have taken occasions like this to talk about our balance of payments—the progress we have made and the problems still before us—or to discuss the management of the public debt—past accomplishments and our plans for the

future. I thought today, however, I might deal largely with an area of Government financial management which generally has received less public attention than regular Treasury debt management but which recently has attracted more comment.

I refer to the expanding amount of Government financing outside the channels of direct Treasury issues—the growth in Federal agency borrowing and the expansion in Federal credit programs, particularly the direct loan programs and the associated sale of assets.

There are several aspects to this subject, but I would like to focus particularly on the problems of financial management associated with Federal agency borrowings and sales of Government-owned financial assets. What I propose to do in this talk is to try to give you a picture of the magnitude and growth of agency borrowings and asset sales, relate them to direct Treasury borrowing and to total credit flows, point up some of the financial management problems, and discuss the rationale for the programs and the philosophy behind our present approach to their financing.

Financial management problems associated with these activities are not new in kind, but they are new in terms of the levels and varieties of activity involved. And with the increase in volume have come some essentially new implications for financial markets and for prudent monetary management—implications that emphasize the need for coordination within the fabric of overall financial policies of the Government.

To provide some perspective, it may be useful first to briefly review the magnitude and general outlook for the Treasury's own debt management operations. During the first half of this fiscal year, July 1 to December 31, we will have raised about \$6½ billion of new cash from the public. This comprises \$4 billion of tax anticipation bills in October and the additional \$2½ billion TAB's auctioned this week. As usual, additional cash will need to be raised after the turn of the year and before the heavy March tax payments, some of it quite early in January. While we have not definitely fixed our sights on the total amount of this further cash requirement, it is clear that, for the entire period from now to the end of the current fiscal year, we will retire debt on balance, taking advantage of the regular seasonal upswing in receipts in the spring. This prospect suggests that at least a portion of the January financing needs might also properly be done in the form of tax bills.

The only unusual element in this picture is the lateness with which we came into the market for our fall seasonal borrowing. The amounts involved have been about normal by the standards of recent years, even though this year we had some additional cash drain because of the bunching of payments for the retroactive increase in social security benefits.

While the impact on our cash position and borrowing requirements has been quite limited thus far, it is no secret, of course, that the expanded military effort in Vietnam will be producing larger cash needs than could have been anticipated before July 1965. But, as our financing program suggests, the magnitude of the increase in these requirements will not lead to striking changes in our demands on the market in this fiscal year. It should be borne in mind, too, that our strong and growing economy is generating tax receipts at a somewhat faster clip than earlier forecasts had envisioned. What Vietnam does mean, in this short-run cash perspective, is that we will not be able to show the improvement in the Government's financial position that we might have looked forward to otherwise. While the financial road ahead will thus call for careful driving, and perhaps a narrower squeeze here and there than we might have hoped for some several months ago, I believe the course can be safely negotiated without serious strains on the market.

Now, alongside these Treasury cash needs, net sales of financial assets by the Government for this fiscal year were estimated at about \$3 billion in last January's budget—and that is still the best benchmark we can use in measuring the planned volume. Direct sales of mortgage loans, principally by the Farmers Home Administration and the Veterans' Administration, were expected to account for about one-fourth of this total. The Export-Import Bank was expected to sell about \$700 million of participations in its loan portfolio, while FNMA was scheduled to sell about \$1.3 billion of participations in FHA and VA mortgage pools for which it would act as trustee. These programs have been moving ahead; FNMA is now in the process of completing a second installment (\$275 million) of its sales of participations to banks and other private investors, bringing the total so far to \$900 million.

The January budget document also contemplated that Federal agencies, including the Public Housing Administration, would sell over \$1.6 billion of their own securities in the market, again net. To these totals should be added the figures for CCC—perhaps $\frac{1}{2}$ billion of added financing.

So it is evident that these scheduled asset sales and agency financings—adding up to some \$5 billion in terms of new market demands—have become a very significant element in the overall financial planning of the Government, alongside direct Treasury financing. And, insofar as agency issues alone are concerned, the refinancing of existing debt—some \$11 billion of issues maturing in fiscal 1966—is equivalent to about one-third of the rollover of maturing coupon issues of the Treasury itself.

But two important points should be noted in connection with this. First, while these magnitudes of agency financing and asset sales are high and have grown rather sharply in recent years, the activities are not brand new. The net anticipated asset sales of roughly \$3 billion in fiscal 1966 are double the amount sold in 1965 and three times the level in 1964, but, as this implies, there was \$1 billion of such sales in 1964. The volume of outstanding Federal agency securities is about \$14 billion today, but was already more than \$8 billion at the close of fiscal 1960.

Second, the rise in direct Treasury debt held by the public—that is, excluding the growing amounts held by the Government investment accounts and the Federal Reserve—has been quite moderate. Since the end of World War II, the gain has been just \$10 billion, from \$205 billion to \$215 billion. And, since 1960, the increase has been \$7 billion, or less than $1\frac{1}{2}$ billion a year. Thus, the net indebtedness of the Federal Government and its agencies today, as a proportion of total debt, has fallen sharply and steadily over the postwar period. It was 52 percent at the close of 1946, 24 percent at the end of 1960, and 20 percent at the end of 1964. In other words, even with the great growth in Federal agency financing and in asset sales, the overall demands on the market of Government finance have shrunk relatively.

Let me underscore firmly this point. Despite the substantial volume of Federal financing outside the Treasury, and its recent growth, this financing, neither by itself nor in conjunction with regular Treasury debt operations, represents an unsustainable burden on our capital markets. In the perspective of the entire flow of financial savings and investment, these demands are but a modest part of the total.

The rough orders of magnitude you might bear in mind are these: the net flows of credit into the credit markets in calendar year 1964 were about \$71 billion. Some \$30 billion went to the mortgage market, most of it in loans on one to four family properties. Consumer credit rose \$7 billion, while State and local governments increased their outstanding indebtedness by almost \$6 billion. Much of the remainder was borrowed by private businesses or foreigners. Net Federal Government and agency financing placed in the private market, including participations and some other asset sales, came to around \$4½ billion.

In this calendar year, the total flows will be appreciably larger, and all indications are that the share of the Federal Government—direct Treasury issues held by the public, agency financing, and asset sales—will actually decline appreciably. Thus, while we look on Government financing as an important factor in the money and capital markets, as it surely is, the growth of our economy, its fast savings potential, and the rising credit demands of other sectors have meant that the demands of Government finance have shrunk quite appreciably, relative to other demands. Large as it is in absolute terms, Federal financing is clearly far from a dominant force in financial markets and is potentially a far more easily manageable part of our expanded markets than earlier in the postwar period.

But, however comforting this long view may be, the management of the Federal debt and its coordination with other Federal credit activities is certainly not a matter to be glossed over. And, in directing your attention today to that relatively neglected area of the financing of Federal credit programs, it is particularly important to keep in mind the sizable aggregate job that faces us each year.

Federal agency financing is, as I have noted, not new. You are all familiar, I am sure, with such well established instruments as the FNMA debentures, the notes and bonds of the Federal home loan banks, and the obligations of the three farm credit agencies—the land banks, Federal intermediate credit banks, and the banks for cooperatives. FHA debentures are a special case; they are only issued in settlement of defaulted mortgages and are, consequently, not a net addition to credit demands. TVA now issues its own bonds. We also have

the Public Housing Administration, acting as the agent for local housing authorities, and the long-established CCC participation certificates.

For most of these agencies, market borrowing is a major source of new capital funds. As we have seen, the needs for additional funds have grown substantially in the recent past, and I would venture to predict that further growth lies ahead—not necessarily every year—but over the course of several years. Growth is also in prospect for other Federal credit programs, which either obtain funds from the Treasury or which guarantee obligations sold to private institutions. These programs, as I am sure you are aware, are already large and are expanding further, while new programs are being developed.

Without debating the merits of any particular Federal credit program, they clearly are all intended to serve public purposes by improving the availability and reducing the cost of credit for specific uses. In the end, like other Federal programs, they must be judged in terms of how effectively and economically the techniques used and the policies followed meet national objectives.

Most Federal credit programs, whether direct loans or loan guarantees, have been undertaken in areas where private credit channels have left a gap unfilled. Private lenders may have been unwilling or unable to make certain types of credit directly available—sometimes because of lack of experience, sometimes because of risks or costs, sometimes because of institutional structure. In cases where private lending develops to fill the gaps, the Federal programs can decline and ultimately most demand can be met directly from private sources. It is neither practical nor desirable for Government to preempt functions that private lenders can perform economically and efficiently.

Of course, we must also recognize that the basic social and public objectives of some credit programs by their nature cannot be achieved without some subsidy element. In those instances, the private market, however efficient, venturesome, and competitive, cannot be expected to function unaided. But, even in subsidy programs, there are often methods by which private participation can be encouraged.

In general, I believe that Federal credit programs should work to the maximum feasible extent through the private credit market, helping to make it stronger, more competitive, and more responsive to the needs of a rapidly developing economy. In a country in which we rely on efficient private markets for the great bulk of all credit extensions, there is, I believe, recognition throughout Government that the objectives of Federal credit programs will often be better realized by using private institutional arrangements, both to reduce the Federal administrative burden and to make the credit assistance more widely accessible. More than that, this desire to permit maximum scope for private participation in Federal credit programs is a matter of basic economic philosophy.

One line of approach that has been underway now for some time is the sale of a variety of financial assets held by the Federal Government. Several techniques have been developed for this purpose.

Direct sales of loans are generally made to the types of investors who are also normally engaged in that same type of lending business. For instance, a substantial part of the farm housing and farm ownership loans sold by the Farmers Home Administration go directly to banks in the local communities in which the borrower resides. These sales, and other direct sales, are largely on a retail basis; the paper is on tap, to be distributed as the market demands it.

Another effort to reinforce direct borrower-lender contact is to encourage holdings of more export paper by banks in the form of Export-Import Bank participation certificates. These certificates have been sold to the banks with an interest in export financing, and, in fact, the bank acquiring this paper may have originated some of the underlying loans behind the participation certificates.

Another innovation along these lines has been the sale of FNMA participation certificates in pools of FHA and VA mortgages held by the Government—a technique that should be potentially applicable to certain other financial assets held by the Government as well. In this instance, large numbers of relatively small loans are involved, and the direct sale of these assets in volume—given the wide dispersal of borrowers geographically and the need for servicing and surveillance of performance—would be difficult, if not impossible. The participation technique offers a means of escaping this impasse by permitting the basic financing load to be transferred to the private sector by “repackaging” the loans from a pool, while the Government retains the servicing chore through well-established arrangements. In effect, the participation technique provides the private lender with a standardized obligation which passes through to him most of the income on these assets after servicing costs. The sale of the certificates is facilitated by an

ability to offer them in fairly large segments through the established techniques of the private market.

Regular agency issues, home loan bank notes, FNMA secondary market debentures, and the rest, stand on a different footing. In these cases, special institutions have been developed to provide credit in certain areas. Their financing is designed to raise funds efficiently at minimum cost in private markets, but the same stress on stimulating and encouraging direct private lender-borrower contact is not present. Borrowings of these agencies typically take the form of regular offerings of relatively sizable fixed amounts. Their quality is well-known, and they enjoy high acceptability in the market. The investors in these issues, of course, in many cases are also investors in direct U.S. Government securities.

From the Treasury's standpoint, the main problem presented by the myriad Federal agency credit programs is one of coordination. This is not to say that there is any lack of genuine cooperation. The various agencies are all concerned with doing the best job possible, and there is a spirit of give and take among the agencies and with the Treasury and its debt management problems. Moreover, with respect to any specific financing, the Treasury must, by law, be consulted in most cases, while, in other cases, we are in close touch as a matter of practice.

Rather, the coordination problem reflects the multiplicity of agencies dealing directly with the market, each with its own scheduling problems and each with fairly specific financing objectives or requirements, all of which have to be fitted within an overall schedule. Obviously, this requires detailed planning, careful consideration of alternatives, and hard appraisals of amounts, maturities, and pricing.

All the agencies have some degree of flexibility in their financial operations, but there are also constraints—imposed either by law, market acceptability, or considerations of prudent financial management. Patterns of cash flow obviously pose some constraints, too. Certainly, long-term borrowing is more appropriate for some agencies than short-term borrowing, particularly where it has become fairly clear that a portion of the agency's need is of a truly long-term nature. At the same time, we must be aware, at the Treasury, that long-term agency borrowing may compete quite directly with opportunities for the Treasury itself to tap the intermediate or longer term markets.

These problems of coordination are now under more intensive study within the Administration, alongside further examination of particular techniques that might be used to facilitate further asset sales. No one would pretend that the present arrangements are the best that could be devised in every respect. And, in considering alternative approaches to improve the coordination and effectiveness of the various Federal credit programs, I believe we should give pretty free rein to the imagination. Particular approaches should not be rejected, for example, merely because they might call for some recasting of the present budgetary procedures, if they might be helpful in improving coordination among programs and in minimizing costs.

The main point I would emphasize in closing is that we should not permit the very diversity and diffuseness of the various Federal credit programs to foster an exaggerated impression of their overall size and their total demand on the economy. There are many pieces to keep track of, but the problem is essentially one of orderly management that can be resolved within the framework of ample total credit resources.

Exhibit 28.—Remarks by Under Secretary of the Treasury for Monetary Affairs Deming, May 9, 1966, before the third annual meeting of the Society of American Business Writers, Minneapolis, Minn., on debt management in a prosperous economy

It is always a delight to return to Minneapolis, and particularly so when the occasion can be such a pleasant one as this meeting of business writers. As one involved in some of the decisions and events that find their way into your writings, I feel much indebted for the fine job, overall, that is done on reporting and analyzing economic events in this country. In fact, some of us have the feeling at times that our economy is, if anything, "overanalyzed," and that it might be desirable to let the patient up from the couch now and then to stretch his legs, flex his muscles, and take a few deep breaths.

But economic analysis, alas, is habit forming, and, try as one will to kick it, each month's fresh batch of statistics sets us off anew, seeking comparisons with the past, assessments of the present, and portents for the future.

In a nation that is as justifiably proud of its growth record as ours, it is natural, in looking for a suitable theme for one's remarks, to choose an area where that growth is proudly displayed and emphasized. If one's topic is debt management, however, there might just be a desire to pitch the growth factor in lower key and point up the modest proportions and manageability of the task at hand.

Hence, it is a source of satisfaction to be able to report to you, in speaking about the Federal debt, that here is one "problem" that is tending, over the years, to shrink somewhat in its relative importance. In fact, if one looks at the expansion of Federal debt and other debt in our economy in the past two decades, the contrast is truly startling.

For, while the Federal debt has grown only modestly during the past 20 years, the overall size of our economy and the volume of other types of debt—private, and State and local government debt—has shown very substantial growth indeed. At the end of World War II, Federal Government and agency debt accounted for more than 50 percent of net public and private debt outstanding, compared with less than 20 percent at the end of 1965. Thus, the relative importance of Federal debt in financial markets has declined substantially.

Nevertheless, the impact of the Federal debt, and of debt management decisions on the Nation's financial markets, still is substantial. Year-to-year changes in Federal debt can be quite significant to the economy, whether our debt is a fifth or a half of the aggregate debt, and decisions on the financing of new debt and refunding of matured or existing debt may be scarcely less far-reaching than before. But, if it is true that our actions are still very important to the economy, it is also surely true that we must look more closely than ever before at the behavior of the rest of the economy in making our debt management and related decisions. There is a state of continuous interaction in which Government financial policies must be attuned to current market conditions, to overall economic policy, and to both short and longer run economic goals. For this reason, let me first scan the current economic situation, before getting more involved in the discussion of debt management.

Financial policy today is being shaped and executed in the context of an obviously strong economy. Our economic accomplishments during the past 5 years include a growth rate of better than $5\frac{1}{2}$ percent in real terms and a reduction in unemployment from 7 percent to $3\frac{3}{4}$ percent. It was not too long ago, I need not remind you, that some observers tended to regard a 5 percent unemployment rate as a rather sticky level that would be hard to improve upon. But the stronger course of the economy has not been without some costs, for new problems are bred in the solutions to older ones.

Recently, the combination of our increased military commitment in Vietnam and buoyant private demand has placed increasing pressure on the material and human resources of the U.S. economy. While, on the whole, our economy's five-year expansion has been remarkably well balanced and free of distortion or stress, an overall pace of activity is being reached that has stretched our potential to an increasing degree.

This pressure has produced some noticeable cracks in the remarkably good record established during several years of vigorous economic expansion. Price increases have been most pronounced in farm and food products, and, fortunately, the most recent evidence on these prices now suggests a flattening out or turning down. But there has also been some bidding up of prices in industrial sectors and a consequent increased concern about a threat of inflation that would reflect more than just the typically volatile commodity areas.

Some observers believe that Government financial policy has not been geared sufficiently toward combating inflationary pressures in the economy. Actually, the Administration already has taken significant steps to restrict Federal spending and to increase taxes.

Despite an anticipated increase of \$10.5 billion in Vietnam expenditures for fiscal 1967 over those in the 1965 budget, the projected budget for fiscal 1967 shows a surplus on a cash basis and closely approaches balance on the national income and administrative bases. Unfortunately, proposed congressional budget revisions may raise Federal expenditures and undo some of the Administration's efforts to economize in the face of competing demands upon available resources.

The Tax Adjustment Act of 1966, passed swiftly by the Congress in nearly the exact form requested, will raise \$6 billion in Federal revenues in the 15 months from April 1966, through June 1967, and will withdraw \$2.7 billion from the private spending stream during the present calendar year. Many of you will begin to feel the impact of this recently enacted legislation, if you haven't

already, when you receive your first paycheck this month. Incidentally, by reducing seasonal fluctuations in Treasury tax receipts, the tax adjustment measures will tend to simplify Treasury cash management in the future.

These increases in Federal revenues will augment the restrictive impact of the increase in social security and medicare taxes, which took effect the first of this year, and are reducing the private spending stream by an annual rate of about \$6 billion. Together with the effects of tighter monetary policy, these measures are already exerting some restraint to prevent an overheating of our economy. A further moderating force is the voluntary self-restraint that businesses, consumers, and Government units at all levels are exercising over their spending plans as part of a nationwide effort to contain inflationary pressures.

It is not easy to say just what the effects of past and present restraining forces may be at this point. There is some evidence, though, that bank loans are harder to get as well as more costly, and that the mortgage market, as it typically does, is feeling the hand of restraint rather significantly.

In a sense, it is the nature of financial markets as well as other markets that marginal users or borrowers tend to be priced out in periods of shortage. But we might recall that the marginal borrower, from the standpoint of banks and other institutional lenders, may not be marginal from the standpoint of the economy as a whole. Criteria that favor only the large and established businesses may have undesirable effects on competition and long-run productivity gains.

In recent years, we have seen some important changes in financial markets associated largely with more aggressive behavior by commercial banks. Banks have actively moved into areas of lending where they previously were reluctant to go. Much of this has been closely linked to the active pursuit of time and savings deposits by banks. Successive revisions in Regulation Q have enabled banks to compete for time deposits with other financial institutions and with various money market instruments. And banks have moved with great alacrity to take advantage of opportunities afforded them.

Without question, I believe, these changes in bank behavior have, on the whole, benefited the economy. Increased competition among banks and between banks and other elements in financial markets have aided the substantial growth we have witnessed during the past five years. Banks have been more willing to take risks and they have narrowed the margins between what they earn on loans and investments and what they pay for funds in interest and services. At the same time, we must be watchful about the potential danger that overly aggressive behavior on the part of some banks in competing for time deposits may tend to distort the impact of monetary policy, impairing the stability of particular institutions and even of some sectors of the economy.

In previous periods of monetary restraint, bank earnings have increased as earnings on loans and investment increased much faster than the cost of deposits. In such periods, banks could afford and were willing to ration loans by upgrading the quality of loan portfolios. In the present situation, the increased cost of time deposits has placed many banks under pressure to seek higher yields and more loans. The possibility of bidding funds away from other banks and other institutions has induced banks to bid up interest rates on time deposits and, in turn, to intensify aggressive lending policies.

Higher time deposit rates may also exert a long-run effect on interest rates. When financial market pressures diminish, then time deposit rates—particularly those on savings accounts—may prove to have some downside rigidity. It may be hard for individual institutions to lower rates unless they have some confidence that others are similarly motivated.

I am reluctant to place myself in a position that opposes competition. But I would like to venture a suggestion or two on potential dangers of carrying this excellent principle too far. Highly aggressive bidding for time deposits may induce some banks to overextend themselves and take on excessive risk. Last year, we saw a few instances where aggressive soliciting of CD's and excessive loan risk were combined to bring about bank failures.

Even where loans are sound, banks may get burned in their bidding for time deposits. If funds can be bid away from other institutions by a particular bank, that same bank may find itself losing deposits at a later date to a still more aggressive institution. The result may be a bidding up of time rates not because funds can be employed profitably, but because funds are needed to meet current demands or to replace funds that were bid away by other institutions. In tight financial markets, even the liquidation of good assets can be painfully expensive. Other financial institutions may be more vulnerable than banks to a sudden loss

of funds. The assets of such institutions are more vulnerable to interest rate fluctuations, even where there exists a good secondary market for them.

Some banks have sought to push the problem of CD renewal well into the future by offering high rates on long-term CD's. But it is well to recall that interest rates on loans can go both ways, and the commitment to pay high rates for a long period may prove to be risky and unprofitable. This is not to say that banks should avoid all risk, but rather that a look at recent experience would suggest that a more cautious lending policy by banks may be called for, based on a careful appraisal of what banks can expect to earn from CD funds under different circumstances. A more cautious policy by banks will not only be in the public interest but in the interest of the individual banks in question.

It is possible, of course, that present measures of restraint in the economy will not prove sufficient to dampen overall potential inflationary pressures. If so, then additional action will be called for. But, at the risk of overrepetition, let me note that there are some risks connected with overreacting. Overcure and overreaction in fiscal policy carry much the same kind of risks as overcure and overreaction in monetary policy. We need to avoid both risks. The essence of successful economic policy is balance and avoidance of excesses. It would be as unwise to choke off, unduly, growth in potential production as to permit it to grow at an unsustainable rate.

Moreover, while our first concern must be with the overall degree of restraint, we cannot ignore the way that the overall impact hits the economy. To some degree, we must look at the effect on particular sectors and particular types of activity.

Thus far, a considerable burden of anti-inflationary policy has been falling on financial markets as a result of strong credit demands and restrictive monetary policy. Recently, long-term interest rates reached their highest level since the early 1930's, and, although rates in some of the intermediate and longer term sectors have declined a bit from the level attained earlier in the year, current levels are well above what most of us have become accustomed to. Certainly from the standpoint of my responsibilities for management of the Treasury's debt, I am acutely aware that the present levels are high.

These higher interest rates will raise the cost of servicing the Federal debt as existing Treasury issues are rolled over in the current market. We estimate that the interest cost to the Treasury, which was \$11.4 billion in fiscal 1965, will rise to \$12 billion in the present fiscal year, and to \$12.8 billion in fiscal 1967. Nearly all of this projected rise reflects higher interest rates rather than a larger debt.

Of course, minimum cost is not the sole objective of debt management. As a matter of fact, cost minimization tends to run counter to the anticyclical role that can be played by debt management. For in recession periods, when rates are low, there is a nearly irresistible temptation to float long-term debt, even though sound anticyclical policy would have us stay out of the long-term market at such times. And in boom periods, when rates are high, the theoretically appropriate step of sopping up long-term funds through Treasury issues is a costly move indeed.

But, even apart from cost considerations, hard-and-fast rules must be modified to take into account specific market situations and the functioning of the other arms of financial policy. Even if we were not constrained by an interest rate ceiling and were oblivious to cost, we probably would not be eager to sell a large volume of long-term Treasury bonds in the near future. There already exist strong pressures on capital markets, and we would not want to make these excessive and bring about disorderly market conditions. When appropriate overall financial policy calls for restriction, it does not mean that each individual action must, in itself, be restrictive. What is important is the entire policy package as a whole, and what is, therefore, required is a flexible policy stance that is attuned to the current situation and to the impact of other policy actions.

Weighing cost considerations and the aims of economic stabilization together has produced a mode of operation in which the Treasury tries for some balanced debt management over an extended period of time. It is an approach in which advantage is taken of good periods to extend debt, but not to the extent of preempting funds from the private sector in periods of reduced economic activity.

A good example of a balanced and flexible approach to debt management was our February financing, earlier this year. We were able to combine the refunding of about 84 percent of publicly held notes coming due on February 15 and April 1 with the prefunding of issues coming due this month and in August into 4¾-year

notes. This enabled us to attain a moderate amount of debt extension and reduce public holdings of issues maturing later in the year by \$4.8 billion (about 45 percent of the issues involved) with a minimum impact on the market. As a matter of fact, the prefunding simplified our May 15 refunding by reducing the amount of publicly-held maturities to a readily manageable \$2.5 billion. With this head start, we were able to offer a single, simple 18-month note to the holders of the May maturity, and price it right on the market, whereas a larger maturity might have required a higher yield and interest cost. Because the amount held by the public had already been much reduced by the February refunding, it was not too disturbing that a relatively high proportion of the remaining holders of the May maturity elected not to make the exchange.

Fortunately, in light of the current economic environment, we expect to get by with a minimum of cash borrowing over the next 14 months. By June 30, the end of the present fiscal year, the Treasury's debt will be approximately \$320 billion compared with \$317 billion a year earlier. However, if we exclude purchases by Government investment accounts and the Federal Reserve banks, there is expected to be a modest decline this year in the publicly held Federal debt. (As of the end of March, Treasury debt in the hands of the public was down \$1.1 billion from a year earlier.)

In the next fiscal year, if our prospective administrative budget deficit of \$1.8 billion comes about, there would be a greater decline in publicly held Federal debt than in the current fiscal year. Nevertheless, we do not expect debt management to be a simple matter. We face stiff competition in financial markets from business firms, households, and State and local governments. In addition, we face increased competition from the offerings by different Federal agencies. Besides the customary offerings by such agencies as the Federal home loan banks, land banks, and intermediate credit banks, there will be an increasing volume of replacements with the private economy of financial assets held by Federal agencies.

This subject of asset sales and participation sales, which is now before the Congress, is both timely and important enough to warrant a little elaboration at this point. In the first place, I should note that there is nothing essentially new about this general topic. The substitution of private for public credit has been a continuing objective of Congress and the Administrations of President Eisenhower, President Kennedy, and President Johnson. In addition, encouraging a greater reliance on private credit was strongly supported by the 1961 Report of the Commission on Money and Credit and in the 1963 Report of President Kennedy's Committee on Federal Credit Programs.

To understand the background for the asset sales program, I think it may be helpful to look back at the underlying rationale for having Federal credit programs in the first place. Some types of borrowers are not able to establish credit standing—perhaps because of their inexperience or remoteness from credit sources, sometimes because of the attitudes and behavior of lenders that may result from risk considerations or various institutional restraints. In some cases, these gaps can be filled with programs of guarantees or insurance, so that the Federal Government need not use its own funds. In other instances, even a guarantee is not sufficient inducement for the private lender, and the Federal Government steps in to make the actual loan—particularly in cases where, in the judgment of Congress, certain types of borrowers should have credit available at relatively low interest rates. By making direct loans in such cases, the Federal Government has built up a portfolio of loans which presently exceeds \$33 billion. However, the basic purpose of Federal loan programs is not to build up a large portfolio of financial assets, but to assume a sufficient portion of the risk to make loan funds available on satisfactory terms to certain types of borrowers. It is part of the basic philosophy of supplementing, and encouraging, the private market, but not displacing it.

The Participation Sales Act of 1966 is designed to provide an effective method of increasing the flow of private credit to worthwhile programs that have not had adequate support from private credit markets in the past. At the same time, it will facilitate the reduction of federally owned portfolios and tend to curtail any future buildup of such portfolios. This bill already has been passed by the Senate and has received favorable action from the House Banking and Currency Committee. We hope for favorable action by the House in the near future.

The proposed legislation would extend the technique already employed successfully by the Export-Import Bank and the Federal National Mortgage Association of pooling loans made by Federal credit agencies and selling participations to the public. Under authority provided in 1964, FNMA has sold \$1.6 billion of

certificates of participation in pools of loans set up by the Veterans' Administration and by FNMA itself. The Participation Sales Act of 1966 would extend the same technique to other lending programs such as college housing, public facilities loans, and programs of the Farmers Home Administration, the Office of Education, and the Small Business Administration. For all such participation sales, FNMA would act as trustee and handle the actual financing arrangements, in close liaison with the Treasury, thereby providing other agencies with the benefit of FNMA's experience and serving to coordinate the various agency financings with one another and with Treasury debt management operations as well.

The participation certificates would be guaranteed by FNMA and by the lending agency in question. As riskless investments, they will stand alongside the obligations of the U.S. Government and should command a broad market that will increase in activity as the technique is developed further.

Direct sales of individual assets have been made for some time in connection with several major lending programs. But there are limits to the volume of such loans that can be effectively marketed this way. If the private lender has to select the assets on a retail basis and service them himself, it frequently is not too attractive for him to purchase them. The process of pooling a number of loans and selling participations in the pool, while the underlying loans continue to be serviced by the original lending agency, converts a loan instrument with limited acceptability into a very attractive investment. Compared with direct asset sales, participations sales are a superior method of reducing federally owned assets from the standpoint of the volume of loans that can be sold, the administrative costs involved, and the yields which have to be offered on the assets to make them salable.

It is true that the interest rate on participations is slightly higher than the rate on Treasury securities. In the past, this rate differential has amounted to one-quarter to three-eighths of a percent. However, as a larger volume of participations are issued, and a broader secondary market develops, this rate differential may decline. Of course, direct Treasury borrowing is cheaper than any alternative form of financing. However, this is not a sufficient reason to abandon the principle of expanding the private flow of credit to borrowers. After all, who would advocate substituting direct Treasury financing for the approximately \$100 billion of outstanding Government insured or guaranteed loans?

I would like to point out that the proposed legislation will, in no way, allow Federal agency activities to circumvent the congressional appropriation process. Indeed, before any pool of loans is set up and entrusted to FNMA for the purpose of selling participations, the formation of such a pool must be authorized in an appropriation act of the Congress. In the case of loan programs undertaken at below-market interest rates, this procedure not only preserves congressional control but also serves a desirable allocative function by specifically identifying the amount of Federal subsidy associated with such loan programs.

As I have suggested, the sale of participation certificates through FNMA would assure coordination of asset sales by different agencies, so that market offerings could be timed and adapted to existing market conditions. The Treasury has long-established and excellent working relations with FNMA in coordinating market operations with overall debt management policy. The funneling of participation sales through FNMA will result in closer coordination of Treasury and agency financing, thereby reducing potential congestion of financial markets and minimizing the cost of Government financing.

The program of asset sales is scheduled to grow from \$1.5 billion in fiscal 1965 to \$3.3 billion in the present fiscal year, and to \$4.7 billion in fiscal 1967. In the 1967 program, \$4.2 billion of this \$4.7 billion would be in the form of participation certificates. The Participation Sales Act will facilitate the increased asset sales proposed for fiscal 1967, thereby holding down the growth in the Federal Government's direct loan portfolio, and, in fact, helping to achieve the first reduction in that portfolio in at least a decade. However, our purpose in expanding the asset sales program has also a longer run objective—to expand the flow of private credit and substitute it for direct Federal lending.

We realize that expanded asset sales, while they do tend to reduce the budget deficit, must draw the money from somewhere—just as would the similar volume of direct Treasury borrowing that is thereby rendered unnecessary. This makes it all the more important that we take a flexible approach in setting up our program of sales, in order to gear it to prevailing market conditions. Our intention, after all, is not to clog the market with more than it can digest, but to strengthen the functioning of private financial markets, in order to utilize untapped capacity which we believe presently exists.

I would like to emphasize strongly that, despite projected asset sales, the net demands of the Federal sector on private credit markets will be modest over the next 14 months. This net demand—the increase in Treasury and agency debt plus asset sales, less the increase in debt held by Government investment accounts and the Federal Reserve—should be under \$3 billion during the present fiscal year and approach zero during fiscal 1967.

In a discussion of Federal debt management, it would be inappropriate to exclude mentioning the very important savings bonds program, for almost one-quarter of the publicly held Federal debt is in the form of savings bonds. In a period when we are striving to encourage some restraint on private demand, the savings bonds program can make an especially important contribution by encouraging individual savings.

In February, President Johnson increased the interest on savings bonds from 3.75 percent to 4.15 percent. It is still a bit early to gauge the full impact of the boost in rates on sales and redemptions of savings bonds, particularly since there is some lag in adjustments in payroll savings deductions. However, March and April results are highly encouraging. Cash sales of E and H bonds jumped sharply during these two months, as the cash inflow was almost \$90 million, compared with a cash outflow during the first 2 months of the year. Counting the increase in accrued interest on E bonds, total outstanding savings bonds increased by \$170 million in March and April. At the end of April, outstanding savings bonds amounted to approximately \$49.5 billion, \$800 million more than the amount outstanding a year earlier.

I have concentrated these remarks on certain aspects of debt management that are in the forefront of our attention just now—but with no intention of downgrading or relegating to a place of lesser importance the major economic policy questions that face us at this time. Those major questions one might sum up as “maintaining economic balance domestically and internationally.” Earlier, I did refer briefly to general domestic development, and particularly to what is being done to contain the threat of excess economic buoyancy.

As for the balance of payments, and international monetary arrangements, those are topics of sufficient weight to require whole speeches devoted to those areas—but we see the domestic and international problems so closely linked nowadays that one cannot begin to do justice on one side without mentioning the other. In some respects, the buoyant domestic economy is making it easier to deal with certain aspects of the balance of payments. We do not face now, as we did a few years ago, a problem of abundant liquidity at home that was seeking attractive outlets abroad. Domestic capital needs are now very large and are exerting a pull on available resources that strongly reinforces the voluntary programs designed to reduce outflows of capital abroad. At the same time, the strong state of the economy is creating large demands for imports, while our commitments in Southeast Asia also channel some funds out of the country, and these factors will tend to make more difficult the further reduction that we are determined to achieve in our balance-of-payments deficit.

Moreover, we are well aware that, in bringing our payments position into balance, we, and other nations, must intensify our efforts to provide for world liquidity growth through the deliberate, controlled creation of additional reserves. The work of negotiation toward this end has been moving forward steadily in recent months, and we expect a report on the considerable progress of our negotiating group to be available before the middle of this year.

Clearly, with international monetary machinery, as with debt management, fiscal policy, and other arms of economic policy, we must continue to take a flexible stance, adapting to changing conditions when necessary, and holding fast to take the most careful reading of those changing conditions, when that is the desirable course.

Exhibit 29.—Press release, May 6, 1966, announcing an increase in the annual limitation on holdings of Series E and H savings bonds

The Treasury today announced that for the calendar year 1966 and thereafter the annual limitation on Series E and H savings bonds has been increased \$10,000 for each series. The new limitation on E bonds is now \$20,000 (face amount) and \$30,000 on H bonds.

The limitations apply to bonds originally issued during a calendar year and held by any one owner. The Treasury pointed out that in computing the limitation, the amount of bonds held in coownership form may be applied to the holdings of either of the coowners or apportioned between them.

A special limitation of \$200,000 on holdings relating to gifts of Series H savings bonds to charitable, religious, educational, and certain other nonprofit organizations that qualify under section 501(c)(3) of the Internal Revenue Code of 1954 has been established for the calendar year 1966 and each calendar year thereafter. It now becomes possible for the exempt organizations to hold up to \$200,000 in H bonds of a given yearly series received by them as gifts.

The Treasury said that the new limitations have been set in view of the increasingly important role that savings bonds are playing in helping to sustain a vigorous noninflationary growth and manage the public debt soundly.

Exhibit 30.—Other Treasury testimony published in hearings before congressional committees, July 1, 1965—June 30, 1966

Secretary of the Treasury Fowler

Statement requesting temporary increase on debt ceiling, published in executive hearings before the Committee on Ways and Means, House of Representatives, 89th Congress, 2d session, May 23, 1966, pages 2-5.

Taxation Developments

Exhibit 31.—Letter from President Johnson to the chairman of the House Committee on Ways and Means, January 19, 1966, concerning tax recommendations made in his State of the Union Message of January 12, 1966

HON. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: In my State of the Union Message, I recommended a number of tax changes to help pay for the increased costs associated with the war in Vietnam. I deeply appreciate your swift action in beginning hearings on those measures just one week later.

When I began preparing my budget several weeks ago, departments and agencies of this Government initially requested more than \$130 billion for fiscal year 1967. I established three principles in my review of those requests:

- Hold all expenditures to a minimum consistent with our defense commitments and other essential programs.
- Eliminate all unnecessary and obsolete activities.
- Conduct essential activities at the lowest possible cost.

As a result, apart from the special cost of Vietnam, I reduced budget expenditures to a level only \$600 million above fiscal year 1966.

My proposed expenditures for fiscal year 1967 are \$112.8 billion. More than half—\$58.3 billion—will be for defense purposes.

Our present estimates for Vietnam will add \$10.5 billion to the amount originally estimated for this purpose last January—\$4.7 billion to fiscal year 1966 and an additional \$5.8 billion to fiscal year 1967.

These expenditures come at a time of unparalleled prosperity.

We have virtually reached our long sought initial goal of 4-percent unemployment. And unemployment will be reduced below 4 percent during the coming year.

In the past 5 years, consumer income after taxes is up \$129 billion; corporate profits have risen an unprecedented 67 percent.

Your Administration's fiscal policy has been the main stimulus for this 59 months of unparalleled prosperity. A further stimulus to keep the economy on its rising path is no longer necessary. The basic economic policy that justified tax cuts in recent years must be set aside until the uncertain but increasingly high demands of hostilities in Vietnam are no longer with us.

The moneys that will flow into the Federal Treasury under present tax laws will not be sufficient to maintain the right fiscal balance during the coming year. Without any changes in the tax laws, budget receipts will rise sharply in response to the sustained economic expansion. But they still would be too low to maintain our economic growth and prosperity without running the risk of inflation.

Under these circumstances, I was faced with three choices:

- A deficit in excess of \$6.5 billion, which would require the Government to borrow the additional money.
- An increase in corporate and personal income tax rates, or other new taxes.
- Temporary restoration of certain excise taxes, and adoption of graduated withholding of individual income taxes and current payment of corporate income taxes—to put the American people on a pay-as-you-go basis without increasing the total tax bill due.

Over the past several weeks I discussed these alternatives and countless variations of them with my advisers. I made two decisions.

First, we could raise revenue or borrow it. I chose to raise the money.

Second, I chose to raise that money without any increases in personal and corporate income tax liabilities, but through changes that affect only the timing of tax payments and the temporary restoration of certain excise taxes on telephones and automobiles.

I realize that two of these measures—the graduated withholding proposal and accelerated corporate income tax payments—are measures that will provide increased revenues for the Government on a one-time basis only. But this is precisely why I recommended them.

I believe these measures are preferable to increasing personal or corporate income tax rates or other tax measures, which are not clearly required at this time. For my advisers and I cannot predict how long the Vietnam conflict will last and what the financial needs of your Government will be for Vietnam beyond the next year.

If our needs in Vietnam require additional revenues, I will not hesitate to request them. On the other hand, if our efforts for a peaceful resolution of the Vietnam situation are successful—and those efforts will continue day and night—then your Government's need for revenues will be sharply reduced, thus permitting downward tax revisions as we had following Korea.

These tax changes will:

- Balance the cash budget.
- Reduce the deficit in the Administrative budget to the lowest level in 7 years.
- Help to maintain economic growth without the risks of inflation.

I believe that the changes are moderate, equitable, responsible, and essential. I hope that your committee and the Congress will act promptly, if at all possible, so they can reach my desk for signature before March 15 in order that all our taxpayers will have adequate notice and we can thus secure full compliance.

Sincerely,
LYNDON B. JOHNSON.

Exhibit 32.—Statement by Secretary of the Treasury Fowler, February 25, 1966, before the Senate Finance Committee, on H.R. 12752, the Tax Adjustment Act of 1966

I thank the committee for the promptness of this hearing on the tax changes embodied in H.R. 12752, which has been passed by the House of Representatives. This bill essentially embodies the President's tax program. We urge that it be approved as quickly as possible.

There are times when rapid action on tax legislation is needed. This is particularly true in the present case. Each passing day makes it harder for us to reduce the deficit in fiscal year 1966, and much delay could lower our ability to reduce the deficit in fiscal year 1967.

Briefly, H.R. 12752 involves (a) temporary restoration of the rates of excise tax on automobiles and telephones that were in effect at the end of 1965 and (b) the adoption of certain collection procedures which will put income and self-employment tax payments closer to a pay-as-you-go system, thereby increasing current revenues without changing income tax rates and without changing anyone's final tax liabilities.

The main budgetary fact behind this program is that increased special costs associated with Vietnam will add \$4.7 billion in fiscal year 1966 expenditures over the amount originally estimated in the budget for that year presented in

January 1965 and an additional \$5.8 billion, for a total of \$10.5 billion in fiscal year 1967.

The increased cost of Vietnam with its economic and psychological uncertainties came at a time when the success of a balanced and expansionary mix of fiscal and monetary policies, combined with wise practices in a dynamic private sector, had brought the Nation close to the achievement of many of its most important economic goals—a healthy rate of growth (the highest of any of the larger industrialized nations) in a full employment economy with a balanced budget, accompanied by price stability unparalleled in the industrialized world, and an equilibrium in our balance of payments.

Past tax reduction actions of the Congress, recommended or approved by this committee—the investment credit in the Revenue Act of 1962, the tax reduction program in the Revenue Act of 1964, the Excise Tax Reduction Act of 1965, and the administrative depreciation reforms of 1962 and 1965—made a signal contribution to this achievement.

Despite tax reductions that have cut the burden of taxes by some \$20 billion at this year's income levels, revenues under present law will be \$21 billion higher in fiscal year 1966 than they were in fiscal year 1961. This contrasts with a growth in receipts of only \$10 billion in the 5 years preceding 1961, a period in which there was no significant tax reduction.

Our fiscal policy has been successful. Had our defense commitments remained unchanged, the rise in receipts without the current tax bill would have produced a budget surplus in fiscal year 1967 with room for increases in Federal civilian expenditures or further tax reductions or debt retirement.

In this situation we face the current problem of meeting the added costs of our Southeast Asia operations. We are better prepared to meet these costs because of the 25 percent increase in real GNP in the last 5 years. We must recognize, however, that new problems call for new solutions.

The immediate response of this Administration to the problem presented by the increased Vietnam expenditures in a nation nearing full employment was a maximum of economy in the preparation of budget expenditure proposals, consistent with recognition of clear international and domestic needs. Elimination of unnecessary activities and the reduction in the cost of continuing activities were pursued ruthlessly.

There was still a dilemma which President Johnson clearly described in a letter of January 19 addressed to Chairmen Long and Mills as coming down to three choices:

- “A deficit in excess of \$6.5 billion, which would require the Government to borrow the additional money.
- An increase in corporate and personal income tax rates, or other new taxes.
- Temporary restoration of certain excise taxes, and adoption of graduated withholding of individual income taxes and current payment of corporate income taxes—to put the American people on a pay-as-you-go basis without increasing the total tax bill due.”

In the President's words, “First, we could raise revenue or borrow it. I chose to raise the money.” This decision recognizes that our fiscal policy over the last 5 years has substantially reduced the level of unused plant capacity and unused worker skills. With the Vietnam commitment superimposed on the robust private demands, a moderate and balanced shift away from the stimulative policy of the last 5 years is called for.

In the light of the uncertainty about the duration of the increased expenditures for Vietnam, a solution which involves predominantly temporary and passing changes largely in the timing of tax payments without increasing income tax fiscal liabilities is a first preference to increasing personal and corporate income tax liabilities. This makes the last of the Presidentially stated alternatives clearly preferable.

On the need for this bill, let me reemphasize first my point that for the most part the provisions of H.R. 12752 represent structural improvements in the tax law and the increased receipts are primarily associated with the transition. This means that it involves less of a burden than one would normally associate with an increase of revenues of \$4 billion in one fiscal year. Nevertheless, could even this be avoided by expenditure cuts?

First as to timing, the bill in part is intended to deal with the budget problem in fiscal year 1966. These expenditures are based on programs that have been voted and are in operation. They cannot be cut back materially. We need the bill to reduce the deficit in fiscal year 1966 by \$1.2 billion.

In assessing expenditure reduction possibilities for fiscal year 1967 as a substitute for this bill, it should be noted that the 1967 budget provides for an increase of only \$600 million over the expenditure levels in the non-Vietnam sector of the 1966 budget. Moreover, this minor increase in expenditures, apart from the requirements of Vietnam, comes after several years in which expenditure totals in the administrative budget have been held down.

This requires a summary examination of the record on expenditure control under President Johnson which is set forth on chart 1 attached¹ to my statement.

1. He cut the original estimated expenditure level of \$98.8 billion for fiscal year 1964 by \$1.1 billion to an actual \$97.7 billion.

2. He cut the original estimated expenditure level of \$97.9 billion for fiscal year 1965, ending last June 30, by \$1.4 billion to an actual \$96.5 billion.

3. The expenditure target for fiscal year 1966 was fixed last January at \$99.7 billion. But accelerated military activity in Vietnam required extra expenditures of some \$4.7 billion. In addition, uncontrollable or legislated expenditures required another unavoidable increase amounting to a net figure of some \$2 billion. These expenditures included \$740 million of military and civilian pay increases voted by Congress in excess of Presidential recommendations, an additional \$288 million increase in veterans pensions, a \$500 million increase in interest charges on the debt and two further increases of \$500 million each as a result of payments required by law under the space program, and \$462 million under the Commodity Credit Program. All of these increases more than wiped out economies realized since the original budget estimate for fiscal year 1966.

What all this adds up to is the striking fact that, had it not been for these unavoidable increases as a result of Vietnam and these other uncontrollable increases I have cited, the President in nearly 3 years in office would have held expenditures in the administrative budget to a total increase of less than \$1 billion over the amount estimated for the fiscal year in which he assumed office.

We can gain some idea of what a remarkable achievement this is when you compare it with the average increase of \$3 billion per year over the previous 10 years.

The program that we are urging meets the immediate and clearly foreseen needs, but this does not foreclose future dealing with longer run problems or new developments. The President in his letter stated further:

"If our needs in Vietnam require additional revenues, I will not hesitate to request them. On the other hand, if our efforts for a peaceful resolution of the Vietnam situation are successful—and those efforts will continue day and night—then your Government's need for revenues will be sharply reduced, thus permitting downward tax revisions as we had following Korea."

In his budget message, he clearly committed himself to recommend additional measures in either of two contingencies. He said:

"If, on the other hand, events in Southeast Asia so develop that additional funds are required, I will not hesitate to request the necessary sums. And should that contingency arise, or should unforeseen inflationary pressures develop, I will propose such fiscal actions as are appropriate to maintain economic stability."

Insofar as inflationary pressures are concerned, the President stated his position concerning these tax proposals as recently as January 27 in his economic message saying:

"To insure against the risk of inflationary pressures, I have asked Americans to pay their taxes on a more nearly current basis, and to postpone a scheduled tax cut. If it should turn out that additional insurance is needed, then I am convinced that we should levy higher taxes rather than accept inflation—which is the most unjust and capricious form of taxation."

Taxation is an effective and flexible instrument of economic policy. It can be adapted to the needs of the present circumstances without changing basic policies already incorporated in our tax law.

The tax changes in H.R. 12752 will:

- balance the cash budget.
- reduce the deficit in the administrative budget to the lowest level in 7 years.
- help maintain economic growth and reduce the risks of inflation.

¹ Omitted from this exhibit; see published Hearings before Senate Finance Committee, 89th Cong., 2d sess., on H.R. 12752, Feb. 25, 1966.

The specific sources of increased budget receipts under H.R. 12752 for fiscal years 1966 and 1967 are shown in the following table:

(In millions of dollars)

	Fiscal year 1966	Fiscal year 1967
Excises:		
Communications.....		\$785
Automobiles.....	\$60	420
Total excises.....	60	1,205
Corporate speedup.....	1,000	3,200
Graduated withholding.....	95	210
Increase in declaration requirement under individual income tax from 70 percent to 80 percent.....		150
Total administrative budget.....	1,155	4,765
Self-employment tax, social security, quarterly payments (goes into a trust fund).....		200
Total cash budget.....	1,155	4,965

¹ Prior to the House floor amendment, the gain in fiscal year 1967 from graduated withholding was \$275 million; the total administrative budget was \$4,830 million; and the total cash budget was \$4,965 million. The floor amendment reduced each figure by \$65 million.

EXCISE TAXES

H.R. 12752 would restore promptly the 7-percent rate of the manufacturers excise tax on automobiles, which was reduced to 6 percent on January 1, 1966, and the 10-percent tax rate on local and long distance telephone and teletype-writer service, which fell to 3 percent the same date. The automobile tax would be restored on the day after enactment, and the telephone tax would be restored for bills rendered on and after the first day of the first month beginning more than 15 days after the legislation is enacted. Those pre-January 1 rates would remain in effect until April 1, 1968, when they would revert to the level that would prevail at that time under present law, that is, 2 percent on the automobile tax and 1 percent on the telephone tax.

The question arises naturally, why are the rates restored on these two excises only? Why not restore some of the taxes that were repealed last June or last December?

Part of the answer to this question is that in the Excise Tax Reduction Act of 1965 it was recognized that these two taxes involved such large amounts of revenue that their ultimate reduction had to be scheduled gradually in the light of economic and budget conditions. Another way of saying the same thing is to point out that a large number of excise taxes would have to be restored to match the revenue involved in the continuation of the automobile and telephone excises.

Another reason for this particular excise tax program is that the restoring of taxes that have been completely repealed in contrast to continuing taxes still being levied would impose substantial compliance and administrative burdens. The whole series of accounting and reporting procedures associated with payment of the taxes which disappeared when the taxes were repealed would have to be reconstituted. With regard to the automobile and telephone taxes, however, only a change in rate is involved, not a restoration of an entire tax. No additional accounting and reporting are involved, and there is no reintroduction of the compliance and administrative difficulties involved in the various smaller taxes. Nor is there a reintroduction of all the competitive and other distortions that were involved in the various selective excise taxes that were repealed in 1965.

In fiscal year 1967, the increase in revenues would be \$420 million from the automobile tax and \$790 million from the telephone tax, a total of \$1.2 billion.

A floor stocks tax of 1 percent would be imposed on all new automobiles held in stock by dealers or distributors on the day the 7-percent rate becomes effective. Under the bill, this tax is to be paid by the dealer, but it is to be collected by the

manufacturer and paid over by it to the Treasury. This procedure, which parallels that for the floor stocks refunds under this tax, was chosen in the House bill to assure that the dealers will have the correct information as to the tax base for the cars affected.

If the legislation is enacted by March 15, 1966, excise tax revenue in fiscal year 1966 would be increased by \$60 million, all of which would come from the automobile tax. There are, as you realize, lags between the time the taxes are collected and when they are paid into the Treasury.

The increase in cash payments by consumers reflecting these tax changes in calendar year 1966 would be \$200 million from the automobile tax and \$570 million from the telephone tax.

The bill differs somewhat from the Administration recommendations as to the period after 1967. We had proposed that the whole schedule of automatic reductions of the automobile and telephone taxes beginning with the January 1, 1966, reductions be moved later by 2 years so that the reductions previously scheduled for January 1, 1966, through January 1, 1969, would take place instead from January 1, 1968, to January 1, 1971.

Under H.R. 12752, the restored rates would be carried to April 1, 1968, and then the rates would revert to the level that they would have been on that date under present law, that is, 2 percent on the automobile tax and 1 percent on the telephone tax. The final reduction of these taxes to 1 percent and zero, respectively, would take place on January 1, 1969. H.R. 12752 would provide as much revenue from the excise provisions as the Administration proposal in fiscal years 1966 and 1967, just slightly more in fiscal year 1968, and less in fiscal years 1969 and 1970. We have no objection to the method of treatment in H.R. 12752 for these excise tax rates on automobiles and telephones after the temporary postponement period is ended.

GRADUATED WITHHOLDING

A most important part of the Administration program as well as H.R. 12752 is the provision for graduated withholding.

In evaluating these withholding changes, it is important to note that a very substantial proportion of our citizens regard a pay-as-you-go tax system as a convenience, not as a penalty. Further, I believe, since the withholding system cannot be perfect, most taxpayers prefer some overwithholding with a refund on April 15 to underwithholding, which means a final tax bill due in April.

Many wage and salary earners, for example, voluntarily understate the number of exemptions to which they are entitled for withholding purposes in order to have their withholding more closely approximate their tax liability or even to result in overwithholding. A withholding system should not, of course, seek to create unnecessary overwithholding. But as a practical matter, taxpayers with the same amount of wages will very often differ in other respects. A withholding rate that would cause overwithholding for one taxpayer would therefore underwithhold on the other. Thus a taxpayer might have income from nonwage sources that is not subject to withholding; or have actual deductions that are more or less than the assumption used in the withholding system; or the taxpayer may not be employed continuously during the year. All of these factors, and others, affect the amount of his final tax liability and thus the relationship between the amounts withheld and that liability.

Under the present law, a flat 14 percent of an employee's earnings is withheld for income tax purposes, while final tax liability is computed under a series of graduated rates. Consequently, many taxpayers are faced with large, and frequently unanticipated, unpaid tax liabilities at the end of the year. The burden to taxpayers of these yearend payments, as well as the collection problems imposed on the Internal Revenue Service, warrants a system of withholding from wages on a graduated basis that will more effectively synchronize withholding with actual tax liability.

Moreover, the present withholding system takes into account the 10-percent standard deduction, but not the minimum standard deduction added by the Revenue Act of 1964. This omission results in overwithholding for many low-income employees. Additional overwithholding occurs under the present system for single employees with taxable incomes of less than \$2,000 and married employees with taxable incomes of less than \$4,000. This results from the use of a flat withholding rate which is an average of the rates for the first four income tax brackets, adjusted for the 10-percent standard deduction.

The basic graduated withholding system in H.R. 12752 is designed to minimize these problems.

(1) First, in place of the present flat 14-percent withholding rate, the proposed system would provide for withholding at six graduated rates ranging from 14 percent to 30 percent. This would closely relate the amount of withheld tax with the actual tax due for single people with taxable income up to \$12,000 and for married couples with taxable income up to \$24,000, whose deductions are approximately 10 percent of income. For people above this income level with deductions of approximately 10 percent of income, withheld and actual taxes would be more closely related than under the present system.

(2) Second, the minimum standard deduction would be reflected in the new withholding system through an increase to \$700 in the value of the personal exemptions for withholding purposes, and through a zero withholding rate on \$200 of wages on an annual basis. This change would appreciably reduce overwithholding for those employees who use the minimum standard deduction. The use of the minimum standard deduction in combination with graduated rates would also eliminate the overwithholding that presently exists in the first four income tax brackets.

The six rate graduated system, proposed in the Administration program and adopted in H.R. 12752, is designed to produce the correct amount of withholding for an individual whose deductions were either the standard deduction, including the minimum standard deduction, or 10 percent of his wage income, whichever was the larger, who had no nonwage income, and who worked a full year. If a taxpayer has no nonwage income, and has itemized deductions in excess of the standard deduction or 10 percent of his wage income, it is quite likely that there would be some overwithholding under the Administration proposal.

While modest overwithholding is not a significant hardship for the wage or salary earner, there could be cases of large overwithholding both under present law and under the basic graduated withholding system. The basic graduated system by itself would in many cases tend to aggravate the situations of large overwithholding. For this reason, a provision was added to the bill in the Ways and Means Committee that would make it possible for individuals, who would expect to be overwithheld due to high itemized deductions, to avoid or minimize large overwithholding by claiming additional withholding allowances. The withholding system heretofore has permitted each taxpayer to declare to his employer the number of income tax exemptions to which he is entitled, for himself and his dependents. These are taken into account in the graduated withholding formula and in the withholding tables, through permitting the taxpayer to earn free of withholding \$700 (on an annual basis) for each exemption to which he is entitled. H.R. 12752 would simply expand this technique to deal with employees with high itemized deductions by affording additional withholding allowances (in \$700 multiples) because of those deductions.

Specifically, H.R. 12752 permits the taxpayer to state his estimated deductions for the current year. These cannot exceed his actual itemized deductions for the previous year. He can also put down his estimated salary or wages for the current year, which cannot be less than his salary or wages for the previous year. These ceiling and floor limitations are necessary to prevent serious abuse of the new allowance. H.R. 12752 then allows the taxpayer to compute his excess deductions, that is, his deductions in excess of a base line which is made up of 12 percent of the first \$7,500 of his salary or wages and 17 percent of the balance. The taxpayer is given an additional withholding allowance for each full \$700 by which the excess deductions exceed the base line. Under an amendment added on the House floor, the taxpayer would be allowed the first additional withholding allowance if his excess deductions were equal to at least \$350.

As respects the operation of this additional allowance system, the employer would treat these claims for additional withholding allowances in exactly the same way as a claim for additional exemptions, so basically the procedure will not complicate the withholding system for employers. So far as employees are concerned, the provision for extra withholding allowances does involve some complication. It is, of course, optional with the employee whether or not he wants to claim an additional allowance. But an option itself is a complexity since a taxpayer may feel he ought to find out what it is before he decides whether or not to use it. Because of this complexity, it is the course of wisdom to use this technique initially to deal only with the relatively large overwithholding situations. This is the reason for the particular decision in H.R. 12752 to measure excess deductions over a base line which is higher than the 10 percent of deductions built into the with-

holding system. We believe that the basic technique of additional allowances which the Ways and Means Committee adopted is appropriate to moderate over-withholding where it may be too large. However, there are problems associated with the variation in that technique introduced by a committee floor amendment which we will be glad to discuss in your technical sessions. That variation involves added complexity, and also produces underwithholding in some situations.

The additional allowance system would be applicable for the first time in 1967. Taxpayers would file claims for additional withholding allowances with their employers on the basis of their estimates for 1967 and their actual tax returns for 1966. The new withholding allowances would go into effect in the spring of 1967. Thereafter the taxpayer would continue to use the additional withholding allowance until May 1, 1968, although it could be terminated at his option earlier. The taxpayer could file another claim for additional withholding allowances on the basis of his 1967 return, which would take effect May 1, 1968.

This timing is necessary in order to develop the required forms and to provide the necessary information program, so that people will know how to operate the system. Also important is the fact that graduated withholding would start only in May of this year and hence overall overwithholding will not be as significant in 1966 as it would be if the six graduated rates were in effect for a full year. The additional allowance provision will thus not affect the expected increase of \$90 million in budget receipts from the introduction of graduated withholding as proposed in the Administration program for fiscal year 1966. It would also have no impact on the calendar year 1966 effect of graduated withholding. Thus it will not reduce the short-term economic impact of the adoption of graduated withholding.

Under the House bill the net increase in budget receipts in the fiscal year 1967, from the adoption of graduated withholding is estimated to be \$210 million. Due to the additional withholding allowance under H.R. 12752, there would be a decline in budget receipts in the fiscal year 1968 estimated at \$290 million.

To describe the economic impact of the whole withholding provision, it is useful to use calendar year totals. In round numbers, the graduated withholding provision in the six rate system would have involved an increase in withholding on a full year basis of \$1.2 billion. Because of the date of introduction, the increase in withholding receipts will be only \$0.8 billion in 1966 (although it will be at an annual rate of \$1.2 billion).

In calendar year 1967, the increase in withholding receipts from the six rate system will be offset by two things: (1) the smaller yearend payments on 1966 returns filed in the spring of 1967 as people take credit for the prior year additional withholding and (2) the beginning of the additional allowance system by May.

INDIVIDUAL ESTIMATED TAX

H.R. 12752 adds a provision, which originated in the Ways and Means Committee, which would modify the monetary penalty provision with respect to payments of individual estimated tax on declarations. Under present law, a taxpayer who is required to file a declaration of estimated tax is subject to a monetary penalty of 6-percent per annum for underpayment of estimated tax unless his estimated tax meets one of five alternative tests. Three of the tests remain unchanged. These are that the estimated tax must be at least as high as the tax paid last year or at least as high as the tax that would be paid on the basis of last year's income and this year's tax rates or at least 90 percent of the tax liability based on the actual taxable income to date. If the taxpayer does not meet these tests with his estimated tax, he may under present law still avoid the penalty if his estimate is at least 70 percent of his final tax liability or 70 percent of the tax liability that would emerge if he annualized the income that he has earned to date. Annualizing means multiplying the income of the first quarter by four, or multiplying the income of the first half year by two, or multiplying the income of the first three quarters by one and one-third.

Under H.R. 12752, the 70-percent provision, which relates to the actual tax liability or the annualized tax liability, is changed to 80 percent. The requirement was originally set in 1943 at 80 percent and was reduced to 70 percent in 1954. At a time when we are, by graduated withholding, making most wage earners more current with respect to their payment of tax liability, it is reasonable to ask that people with nonwage income also pay an estimated tax which is closer to their final tax liability.

The 80-percent requirement on estimates of individual tax would come into effect with respect to estimates filed in the calendar year 1967. It is expected

that this would increase budgetary receipts in fiscal year 1967 by \$150 million and in fiscal year 1968 by \$150 million.

CORPORATE ACCELERATION OF CURRENT TAX PAYMENTS

The provision for acceleration of corporate tax payments is the same in H.R. 12752 as it was proposed by the Administration. This change would leave the basic tax liability unchanged.

Under present law, by 1970 corporations will pay, with respect to their estimated tax in excess of \$100,000, quarterly payments of 25 percent in April, June, September, and December.

In 1963, these corporations paid during the current year only two quarterly payments, those in September and December. The Revenue Act of 1964 required these corporations to begin to make quarterly payments on a current basis in April and June. These April and June payments were scheduled to increase gradually up to the 25 percent level in 1970. At present they must be 9 percent each in 1966 and 14 percent each in 1967. Under H.R. 12752 these figures would be raised to 12 percent in 1966 and to the permanent level of 25 percent in 1967.

The only change from present law is in the timing of the additional payments. If, in 1971, a corporation reviewed its financial experience, it would find that its payments of taxes in that year were exactly the same as they would have been if the current proposal for speeding up the acceleration had not been adopted. If it added up all of its corporate tax payments from 1964 through 1970, it would still find that the total of those payments was exactly the same as it would have been under present law.

At a time when we are close to full employment and full utilization of capacity, a sizable Federal budget deficit could have inflationary implications. For this reason, it is desirable to absorb some of the additional liquidity in the economic system that could otherwise be used in bidding up the prices of capital goods. We believe that our proposed speedup of corporate tax payments would remove some of this excess business purchasing power.

In recent years, corporations have reduced their holdings of liquid assets relative to current liabilities. An accelerated payments requirement would make some corporations reexamine their expenditure plans. They might give second thoughts to some marginal investment projects, deferment of which might ease pressures on costs and prices today and, incidentally, leave more investment possibilities for the future when the expenditures could be more easily accommodated. The tightness in the credit markets that already exists would reinforce the effectiveness on business expenditures of the accelerated payment proposal.

This proposal on corporate tax payments would increase budget receipts in fiscal year 1966 by \$1.0 billion and in fiscal year 1967 by \$3.2 billion. It would increase total tax payments in calendar year 1966 by \$1.1 billion (including fiscal year corporations).

SELF-EMPLOYMENT TAXES

To round out the program to make taxpaying more current, H.R. 12752 provides that social security taxes of the self-employed be paid on an estimated basis.

The present law requires a self-employed individual to estimate and make quarterly installment payments of his income tax if the estimated tax is at least \$40. There is no logic in applying this requirement only to income taxes and not to self-employment taxes.

Under present law, however, for a self-employed individual, the requirement for current payment bears only on the part of his end-of-the-year tax liabilities represented by the income tax. In some cases this income tax liability may be only a small part of the final total liability for income and self-employment taxes; in others it may be a large part. Since the taxes relate to the same type of income, it would be appropriate for the entire liability to be subject to the same requirement of estimated payment.

The estimated tax system would have the double purpose of making tax payment more convenient for individuals and providing some equality between people with nonwage income and people with wage income who are subject to withholding. Since employee social security taxes are withheld, it is appropriate to include the self-employment tax in the estimated tax base.

In a tentative General Accounting Office report recently submitted for Treasury Department comments, the GAO recommended an identical proposal. We understand that the GAO will issue a formal report shortly which includes this recommendation.

H.R. 12752 provides that the requirement for current payment of self-employment tax would come into operation in 1967, starting April 15.

Under H.R. 12752, this provision would increase revenue collections in fiscal year 1967 by \$200 million. Under the original proposal, which would have commenced the current payment system on June 15 of this year, this increase would have occurred as follows: \$100 million in fiscal year 1966 and \$100 million in fiscal year 1967.

We will develop a procedure for crediting the estimated quarterly declaration payments of self-employment tax to the social security trust fund as these payments come into the Treasury. For this reason the provision will affect only cash budget receipts and not administrative budget receipts. Under H.R. 12752, these increased payments would be \$300 million in calendar year 1967 (\$400 million if the January 15, 1968, payment is included).

CONCLUSION

The particular measures involved in H.R. 12752 are designed to have minimum long-range impact on tax burdens and to achieve desirable structural changes. They are appropriate to the fiscal problem at hand. They deal almost entirely with matters on which there has been study in the past. I am hopeful that they may be acted upon promptly.

Exhibit 33.—Statement by Assistant Secretary of the Treasury Surray, March 30, 1966, before the Subcommittee on Fiscal Policy of the Joint Economic Committee, on tax changes for stabilization purposes

I am very glad to participate in these hearings. I believe they are contributing significantly to a clarification of the issues, and to an understanding of the problems involved in designing short range, temporary, tax changes for stabilization purposes.

In keeping with the committee's invitation, my comments will not be related to the present situation but rather to the general question of using tax changes to dampen down economic fluctuations. Also for this discussion I will set aside the topic of long-range tax reform, and concentrate on the stabilization problem.

My own remarks will start from two premises: the first is that it would be desirable to use rapid tax changes for economic stabilization purposes, when such changes are needed. Along with monetary policy and shifts in the timing of Federal expenditures, tax variation has an important role to play in economic stabilization. We need all the weapons we can muster in our arsenal to combat economic fluctuations. The second premise is that by one arrangement or another the legislative processes will permit such temporary tax increases and decreases to be undertaken with sufficient speed to meet stabilization requirements. For my own part I would not disagree with a congressional decision to rely upon the regular legislative procedures, for we have seen that these procedures when necessary can permit rapid action. I will therefore confine my attention to the principles and technical problems and issues relating to the types and design of temporary tax change that might be undertaken.

GENERAL CRITERIA

The essence of the kind of countercyclical tax action we are here concerned with is speed. As we all know inflation and deflation tend to become cumulative, feeding upon themselves and becoming harder and harder to stem or reverse as they follow their course. Yet while our economic forecasting methods have made great progress in recent times, they cannot tell us—and given the dynamic world we live in I doubt that in the foreseeable future they will be able to tell us—what action is needed much in advance of the time when that action must be taken. We cannot therefore afford to be slow in taking action once it becomes clear that action is needed. Moreover, the action we take must make its effects felt very promptly. This need for speed and flexibility in stabilization policy points to three basic criteria for assessing specific countercyclical tax measures.

One is simplicity. To meet this requirement the method of tax change should entail a minimum modification of the normal tax collection and payments process. The tax change should be easy for the taxpayer to comply with and easy for him to understand. And, of course, it should be easy for the Internal Revenue Service to put into effect.

A second important criterion for judging the merits of alternative temporary tax changes is the immediacy and certainty of their economic effects. As I have already observed, there will not be much time to waste once a determination of the need for action is made. Tax action which is delayed in its economic effects even though taken promptly, may well fail in its purpose. In fact, given the speed with which the economic situation can sometimes change there is risk that action of such nature may even be perverse in the timing of its effects and actually aggravate rather than diminish instability.

I believe that this criterion has an important bearing on the question of the extent to which short-range tax changes should aim at influencing investment or consumption. It is true that investment is the more volatile sector in our economy and it would be desirable to try to mitigate sharp fluctuations in the investment sector. On the other hand, evidence appears to indicate that the time lags between tax change and expenditure change are substantially less and the effects are more certain for consumption than for investment. Consequently, for countercyclical tax policy it is probably the better part of wisdom to aim at both consumption and investment but to place primary reliance on influencing consumption.

As a third general criterion to apply to the choice of temporary tax changes, the design of countercyclical changes should be such that the changes can be assured of ready and therefore speedy general acceptance. Proposals that provoke controversy, or that, because of their novelty or complexity, require considerable study to understand and appraise must inevitably cause delay in taking action and therefore cannot really be fitted into a policy of temporary countercyclical tax changes.

Closely related to acceptability is the criterion of symmetry. If legislation is to be rapidly enacted, the Congress and the public must be assured that the legislation does not involve making longrun permanent rate changes in the tax system. This consideration requires that the changes be temporary. If after a year or so the change is no longer needed, it should come off in the same way that it went on. If on the other hand it develops that the increase or decrease in revenue needs will be permanent—as far as anything can be “permanent” in a tax system—it should be understood that the temporary change itself will expire and be replaced by a longrun tax change developed in the usual way and including whatever structural changes the Congress might think appropriate.

Even temporary changes, however, still involve the problem that different types of change are available and a voter is apt to choose among them on the ground of which one affects him most favorably. But it may be that a type of change that is relatively favorable to a group of taxpayers when an increase is required will become relatively unfavorable when tax reduction is called for.

It has therefore been suggested that the prospects for general agreement on the available types of change might be improved if a further principle of symmetry is advanced that countercyclical tax decreases should be the mirror opposite of tax increases. Under this principle, tax changes may work to the relative advantage of some people in some stages of the economic cycle but not at others, and the tendency would thus be neither to favor nor disfavor any group over the full course of upswings and downswings. However, in view of the many considerations that enter into the formulation of fair and effective tax changes there is a question as to just how much weight to give to this version of the symmetry principle. Perhaps a more flexible interpretation that permits the inflationary and deflationary phases to be treated somewhat differently might prove more realistic and useful. At least, I would leave this particular aspect of symmetry as an open one to be considered after we have learned more about the entire process of these stabilization tax changes, rather than regard it as a governing concept.

Structural changes unsuitable

If these criteria can be considered valid guides for the choice of countercyclical tax measures, it seems clear that proposals which involve structural changes in our tax system are usually of doubtful appropriateness. Or, to put the matter another way, only those structural changes which are readily and generally acceptable, whose effects are immediate and predictable, and which are relatively

simple to implement, ought to be considered in connection with short-run stabilizing tax policy. This presumably renders ineligible many of the long standing and thus usually controversial proposals for tax reform.

I think it also precludes adding to our existing structure in such a process a new type of tax, whether the tax is to provide additional revenue or to permit reduction in yield from existing sources. A new tax always involves a number of basic policy questions which are far more numerous than is usually perceived or recognized when the tax is proposed, and which cannot properly be considered at the same time that attention is being given to temporary stabilizing tax changes. To illustrate this point, I would like to submit as an appendix to this statement, a memorandum which sets forth some of the policy decisions involved in formulating the structure of a value added tax, which tax has been proposed during the course of the committee's hearings.

This should not be construed to preclude consideration at appropriate times of possible modifications of the present structure that would make it more amenable to implementing a flexible tax policy. For the present, however, I think it advisable to focus on what can be done within the existing structure.

Let me now turn to some of the technical issues that would be involved in temporary changes of specific taxes within our existing structure.

INDIVIDUAL INCOME TAX

On the basis of the criteria of immediacy and certainty of economic effect the individual income tax is probably the most suitable for implementing temporary changes in tax rates. Due to the withholding feature of the tax, a very quick impact on the disposable income of individuals can be achieved. Indeed the sensitivity of this withholding procedure has been increased through the recent adoption of a graduated withholding system. In turn, the influence of changes in current disposable income on consumer expenditures is probably the most prompt and most reliable influence on aggregate demand that fiscal policy has to work with, whether for short run changes up and down or for longer range changes in the level of demand.

There are numerous ways by which temporary changes in the individual income tax can be produced. One approach suggested by the criteria of simplicity and ready acceptability is to devise a "neutral" type of short range tax change. By "neutrality" is meant a tax change that does not attempt to alter the general progressivity of the tax as it exists before the change. Since a number of witnesses have spoken about this neutrality, some discussion of its technical aspects is in order.

"Neutral" changes

Neutrality is itself subject to alternative interpretations. One interpretation appealing as a theoretical matter to some economists calls for a tax change equal to a uniform percent of the disposable income of taxpayers—that is, the income they have available to spend on goods and services or to save. This approach would leave the relative position of taxpayers measured by their disposable income unchanged. That is, if one individual had 50 percent more disposable income than another before the tax change, he would still have 50 percent more after the tax change.

There are some important practical difficulties with this method, however, which preclude its use for countercyclical purposes.¹

¹ A definition of "disposable income" would be required whereby the amount for each taxpayer can be determined with the precision needed for a tax measure. Drawing on present tax devices, "disposable income" might be defined as the adjusted gross income of a taxpayer minus his tax liability. "Adjusted gross income" is roughly earnings and business net income before personal exemptions and personal deductions. But under this definition, a temporary tax turning on disposable income cannot be built into either the rate structure, essentially because our statutory rates apply to taxable income, or into the present withholding structure which allows for personal exemptions and deductions. To illustrate, consider a group of married couples all having the same taxable income but, due to differences in itemized deductions and/or family exemptions, have different amounts of adjusted gross income. They would all be liable for the same amount of income tax, as computed from the existing rate structure. However, their disposable incomes, as above defined, would differ from one to the other. Hence, under a uniform percent of their respective disposable incomes, the amount of the temporary tax increase or decrease will vary from one couple to another. But since their taxable income does not vary, this tax change could not be stated in terms of the rate structure, which applies to taxable income.

Thus to compute the temporary tax under this uniform percent of disposable income method, separate computations would be required by the individual on his return and by the employer for withholding purposes.

Another complication under this method if strictly pursued, is that in periods calling for a tax increase, individuals who otherwise would be nontaxable should nevertheless become liable for the temporary tax, and in periods calling for a decrease, nontaxable individuals should benefit from a disbursement from the Treasury. While the logic for these computations may be clear to the economist, it probably would not be readily understood by the average taxpayer.

There are two other simpler methods of implementing individual income tax changes that may also be interpreted as "neutral".

One of these is a uniform point change in tax rates in each bracket. This method may be considered neutral since the tax change amounts to a uniform percentage of everyone's taxable income. That is, if all the existing bracket rates were increased by one point, an individual with \$2,000 of taxable income would pay \$20, and an individual with \$10,000 of taxable income would pay \$100. Also, since all brackets would be increased by one point, the differences from one bracket to another would remain the same as before the tax change.

Another neutral method of changing taxes is by means of a uniform percentage change in tax liabilities. Under this method the relative amount of tax paid by each individual is the same after the tax change as before the change. Thus, under an increase, if one individual's tax liability is 10 percent higher than another's before the change, it will still be 10 percent higher after the change.

The comparative effects of these methods on taxpayers at various income levels are illustrated in the attached table. The table shows how a married couple with two children taking 10 percent standard deduction would fare at various levels of adjusted gross income under a hypothetical tax change that in the aggregate would involve \$2.5 billion. Solely for purposes of comparison as to the distribution of the tax change, the uniform percentage of disposable income method is also included in the table.

There it can be seen that at incomes of \$3,000 and under where no tax is imposed under present law, neither the uniform percentage of tax liability nor the uniform point change in rates methods would, of course, cause any change in tax liability up or down; the uniform percentage of disposable income method would produce tax changes for these incomes. Beyond this level, the uniform percentage of tax liability method would impose larger tax increases on higher incomes and smaller tax increases on lower incomes than either of the other two methods. Symmetrically, this method would provide larger tax reductions for higher incomes and smaller tax reductions for lower incomes than either of the other two methods. Under the uniform point change in rates method, the differential increases and decreases as between higher and lower incomes fall in between those for the other two methods. Thus for the taxpayer with \$4,000 of adjusted gross income, under the uniform percentage of tax liability method the tax would rise or fall by \$7; under the uniform point change in rates the tax would rise or fall by \$10; and under the uniform percentage of disposable income method the change would be \$25. For the \$50,000 income, the respective tax changes under the three methods would be in reverse order of magnitude: \$669, \$426, and \$242.

TABLE I.—*Illustration of 3 tax change formulas with a \$2.5 billion revenue effect*

[Married taxpayer, 2 children, 10-percent deductions or minimum standard deductions]

Adjusted gross income	Taxable income	Tax present law	Adjusted gross income after tax	Uniform percentage change in tax liability (5%)		Uniform point change in tax rates (1%)		Uniform percentage change in disposable income (0.66%)	
				Tax increase (+)	Tax decrease (—)	Tax increase (+)	Tax decrease (—)	Tax increase (+)	Tax decrease (—)
\$2,000	0	0	\$2,000	0	0	0	0	+\$13	—\$13
3,000	0	0	3,000	0	0	0	0	+20	—20
4,000	\$1,000	\$140	3,860	+\$7	—\$7	+\$10	—\$10	+25	—25
5,000	2,000	290	4,710	+14	—14	+20	—20	+31	—31
7,500	4,350	686	6,814	+34	—34	+44	—44	+45	—45
10,000	6,600	1,114	8,886	+56	—56	+66	—66	+59	—59
12,500	8,850	1,567	10,933	+78	—78	+88	—88	+72	—72
15,000	11,100	2,062	12,938	+103	—103	+111	—111	+85	—85
25,000	20,100	4,412	20,588	+221	—221	+201	—201	+136	—136
50,000	42,600	13,388	36,612	+669	—669	+426	—426	+242	—242

I also have included a table which compares the rate structures that would implement the two alternative methods of changing tax liabilities up or down by \$2.5 billion. However, it would not be necessary to modify the present rate structure in order to implement either method. If desired, each could be expressed as a separate tax on the return—a percent of tax liability or a percent of taxable income, added on to the present law tax.

To put either the uniform percentage of tax liabilities change or uniform point change in tax rates into effect, new withholding percentage formulas and new withholding wage bracket tables would be needed. This can be done accurately, since either method can be translated into increased tax rates.

The necessary revision in the withholding rates would require the Internal Revenue Service to print the new withholding percentage formulas and the new withholding wage bracket tables and distribute them to employers. Employers who utilize computers would need time to reprogram them. A minimum of 30 days should be allowed for all this; around 22 days for the Internal Revenue Service to prepare and distribute the new material and about 8 days for the employers to put the change into effect. Presumably, there would be a period before the bill becomes law through Presidential signature (but after the rates become firm) during which the Service could begin its work, so that a period of 30 days from enactment date is not required. It should be noted that employers have been given about 30 days to effect the changeover this year from flat rate withholding to the new graduated plan. However, this longer period is needed since they must obtain new withholding exemption certificates from their employees. There would be no necessity for this in changing over from one graduated rate structure to another; therefore, 8 days seem sufficient for employers under these circumstances. This was, by the way, the period allowed employers for the changeover under the Revenue Act of 1964.

TABLE II.—*Illustrative rate structure for alternative income tax changes*

[Approximately \$2½ billion]

Taxable income bracket (single person)	Present law rates	Uniform 5 percent change in liability		Uniform 1 point change in rates	
		Increase	Decrease	Increase	Decrease
<i>Thousands of dollars</i>	<i>Percent</i>				
0- 0.5	14	14.7	13.3	15.0	13.0
0.5- 1.0	15	15.8	14.3	16.0	14.0
1.0- 1.5	16	16.8	15.2	17.0	15.0
1.5- 2.0	17	17.9	16.2	18.0	16.0
2.0- 4.0	19	20.0	18.1	20.0	18.0
4.0- 6.0	22	23.1	20.9	23.0	21.0
6.0- 8.0	25	26.3	23.8	26.0	24.0
8.0- 10.0	28	29.4	26.6	29.0	27.0
10.0- 12.0	32	33.6	30.4	33.0	31.0
12.0- 14.0	36	37.8	34.2	37.0	35.0
14.0- 16.0	39	41.0	37.1	40.0	38.0
16.0- 18.0	42	44.1	39.9	43.0	41.0
18.0- 20.0	45	47.3	42.8	46.0	44.0
20.0- 22.0	48	50.4	45.6	49.0	47.0
22.0- 26.0	50	52.5	47.5	51.0	49.0
26.0- 32.0	53	55.7	50.4	54.0	52.0
32.0- 38.0	55	57.8	52.3	56.0	54.0
38.0- 44.0	58	60.9	55.1	59.0	57.0
44.0- 50.0	60	63.0	57.0	61.0	59.0
50.0- 60.0	62	65.1	58.9	63.0	61.0
60.0- 70.0	64	67.2	60.8	65.0	63.0
70.0- 80.0	66	69.3	62.7	67.0	65.0
80.0- 90.0	68	71.4	64.6	69.0	67.0
90.0-100.0	69	72.5	65.6	70.0	68.0
100.0 and over	70	73.5	66.5	71.0	69.0

In general—and this is the significant point in all this technical discussion of “neutral” methods—one should really not exaggerate what amounts to fine points of difference between the uniform percentage change in tax liability method and the method providing a uniform point change in tax rates. Each is simple to express in the tax return and to understand. Each therefore seems appropriate as a method for countercyclical change in the individual income tax.

Economic effect

With regard to the economic effectiveness of temporary individual income tax changes, the relevant consideration is the impact within a relatively short period of time and within the context of a cyclical up or downswing. In this context, expectations can be very important; and if a countercyclical fiscal policy is fol-

lowed, it in itself will have an influence on expectations. If the policy inspires confidence that it will succeed in dampening fluctuations, then the expectations it generates will be favorable. In a downswing, consumers may be buoyed up by anticipation of the tax cut, and also by anticipation of its success in stemming the decline. In a boom period, consumer expenditures may be abated by expectations of counterinflation tax policy. Such behavior would also, of course, have an impact on investment.

Some economists have argued, on the other hand, that a temporary change in tax rates might be less effective than a permanent one, because it might not lead consumers to alter their established spending habits or lead businessmen to change their sights on long term rates of return on investment. Such factors may be relevant, but they may still be considerably outweighed by the important confidence effects of adjusting fiscal policy appropriately to changing economic circumstances. These confidence effects cannot be included in any statistical estimates of the likely magnitude of the short range effects of a tax change on GNP. As to the quantitative estimates that can be made, I gather that economists would judge roughly that within two to four quarters after the effective date, the impact on the annual rate of GNP would range between \$1 billion and \$2 billion per \$1 billion of change in individual tax liabilities.

Capital gains

With regard to capital gains, the question is whether or not the tax rate should go up or down with personal income tax rates. Capital gains which are not taxed at the ceiling rate of 25 percent are taxed at a rate which is in effect 50 percent of the marginal income tax rate. It seems reasonable to continue the 50 percent inclusion rule through a temporary tax change which would make the gains subject to tax increase or decrease that was proportional to the tax change on other income.

As to whether the alternative ceiling rate on capital gains should be changed, one could raise the question whether the occurrence of a temporary increase or decrease might cause investors to speed up or slow down sales that they would have made in the near future. On balance changes of a point or two in the ceiling rate seem unlikely to have this effect. This issue might well be decided on the basis of the general attitude toward the fairness of including the ceiling capital gains rate in a program of temporary changes in the individual income tax.

Low income taxpayers

An interesting departure from simple, symmetric up and down changes in rates was proposed to the committee by Professor Carl Shoup. He suggests that, for the anti-inflation phase, low-income taxpayers be excepted from the increase. They would, of course, then get no benefit when the increase was taken off. As a technical matter, this could be done in a number of ways. Using Professor Shoup's suggested levels, all the surtax rates could be raised except the first few. Or the increase might be expressed as a percentage of that part of an individual's tax that exceeded, say, \$300, or some percentage of the part of his taxable income that exceeded, say, \$2,000. The device could be structured to exempt only low income taxpayers, and not thereby extend the benefit of the exemption to taxpayers in higher brackets.

To illustrate the effect of this suggestion, consider that initially a uniform 5-percent increase in all tax liabilities is planned, designed to raise \$2.5 billion in revenues. Then suppose the plan were modified to impose no tax increase on the first \$300 of tax liability of married couples and no increase on the first \$150 of tax for single individuals. The result of this modification by itself would be to reduce the overall revenue increase by \$600 million, of which about \$160 million would benefit married couples with less than \$2,000 of taxable income, and single persons with less than \$1,000 of taxable income. The maximum individual benefit would amount to \$15.

To offset the revenue loss, the percentage increase would now have to be raised from 5 percent to 6.5 percent. The net effect of shifting from the alternative of a uniform 5-percent increase in all liabilities to a 6.5-percent increase on tax liabilities in excess of \$300 for married couples can be illustrated in terms of a married taxpayer with two dependents using the standard deduction. No tax increase would be imposed on this family under the 6.5-percent formula, if its adjusted gross income were \$5,000 or under; if its adjusted gross income were between \$5,000 and \$9,500 the increase under the 6.5-percent alternative would be less than under the 5-percent (with no exemption) alternative, and more than under the 5-percent (with no exemption) alternative if the family's income exceeded \$9,500.

CORPORATE INCOME TAX

There are a number of reasons—both economic and equity—for considering the corporate income tax in a balanced package of countercyclical income tax changes. Broad neutrality as between individuals and business, which is predominately corporate, is probably desirable. Moreover, individual income tax rate changes would apply to unincorporated businesses. Appreciable disparities in the treatment of corporate and noncorporate enterprise would affect the choice between the corporate and noncorporate form of business organization in the important area of small and medium-sized businesses. Furthermore, most observers—including both expert and nonexpert opinion—believe that if higher burdens are placed on individuals in response to economic conditions, even though the emphasis may be on curtailing consumption, corporate business should be called on also to make some contribution. Changes in corporate tax payments may influence both dividend payments and investment outlays. This belief probably does not apply with the same force to tax decreases during a downswing. Still, reduction in the corporate tax paralleling that in individual taxes may be appropriate to maintain a simple symmetry over the cycle and also because of its economic effects.

Changes in corporate tax can be made in a manner more or less parallel to the changes discussed for the individual income tax. A simple change in the tax applying to all corporations could be achieved on either the point change method or the percentage of tax liability method. In the case of a point change, the normal tax rate, which is now 22 percent, could be changed by the desired number of points. At presently projected 1966 levels of income and profits, a 1 point change in the normal tax would produce approximately a \$700 million change in corporate tax liabilities. This figure is net of an offsetting small change (\$40 million) in tax yield from the assumed effect on dividends.

As an alternative, a uniform $2\frac{1}{2}$ percentage change in corporate tax liabilities might be used, which would also produce a revenue change of \$700 million. As compared to the 1 point change in the normal rate, this method would produce a larger increase and a larger decrease in tax liabilities of large corporations, and a smaller increase or decrease in the liabilities of smaller corporations.

A 1 point corporate rate change confined to the surtax rate would produce a change in yields of about \$630 million. This would exempt small corporations from participation in the countercyclical policy. However, any merit that may inhere in the exclusion of low income groups from a temporary increase in the individual rates does not appear to carry over to the corporate sector. Moreover, varying the spread between the normal rate and the surtax rate would aggravate the tax preference for multiple surtax exemptions.

With regard to economic effectiveness of changes in corporate rates, a temporary change in corporate taxation works primarily through its effects on cash flow, a key factor in investment calculations and decisionmaking. Cash flow is usually measured after book accruals of tax liability. But the available flow of corporate spending is also influenced by actual tax payments, particularly in periods of (a) monetary restraint or (b) hesitancy on the part of business to borrow.

The fully current tax payment system for corporations introduced in the 1964 Revenue Act, the transition to which will be made by 1967 under the accelerated payment provisions of the Tax Adjustment Act of 1966, just enacted by the Congress, insures that the actual cash payment and cash flow effects of corporate tax changes will make themselves felt promptly. By 1967, all corporate taxes in excess of \$100,000 will be subject to declaration and payment of estimated tax beginning in April of the current income year for a calendar year corporation.

No more than 30 days would be necessary to implement a corporate tax change through notifying all corporations of the applicability of new rates. The effect on aggregate demand and GNP would almost certainly be slower than from a change in the individual tax rate, although again expectations factors of a reinforcing nature would probably be operative as a result of anticipation of the countercyclical policy. The magnitude of the short-run effect is certainly no easier to estimate than for changes in the individual rates. Perhaps the GNP effect, at annual rate, would reach \$1 billion per \$1 billion of tax change, within four quarters after the change went into effect.

Excess profits tax

The excess profits tax is generally recognized as an inherently defective tax and barely satisfactory as a taxing instrument in periods of severe defense emergency. The prospect that an excess profits tax would be reactivated from time to time

in a peacetime economy as a countercyclical measure would have serious adverse effects on business planning. New businesses and new risk ventures would face the prospect of severe marginal tax rates on the rewards of success whenever they coincided with exuberant upswings in the economy. Such a prospect would have deterrent effects on growth and innovation.

New ventures and expansion would tend to be undertaken only within the framework of corporate entities which would be expected to enjoy a favorable position with respect to an excess profits tax, because of available historical earnings records, invested capital structures, or eligibility for accustomed special relief features. The timing of deductible expense outlays would be arranged to maximize the costs deducted in excess profits tax periods, thus accentuating economic strains in a period of high prosperity. Production of new or scarce items likely to yield temporary high profits would tend to be inhibited during excess profits years, with the consequence that shortages would be aggravated in these periods. Disproportionate energies would be devoted to the planning of business activity within the protection of various excess profits tax shelters.

INVESTMENT CREDIT

The possibility of changes in the investment credit received considerable attention during these hearings. Some economists have stated that investment demand may be reaching excessive levels, either because it strains our capacity for producing more plant and equipment or because it generates a capacity for producing final goods in excess of the economy's long-term needs. These economists have contended that the very factors that made the investment credit a particularly successful stimulus to investment now recommend its modification or suspension in order to moderate an overly buoyant investment demand. A temporary suspension could, they argue, have especially favorable effects in encouraging business firms to defer investments to a period when they might be more appropriate to the state of the economy.

Without entering the argument of whether the present level of investment demand is excessive, I would like to indicate that there are structural and other aspects of the investment credit which need to be considered in evaluating its possible countercyclical use.

I would like to point out first that, in the recent debate in the Senate over suspension of the credit, those who advocated suspension felt required, and understandably so, to still allow the credit with respect to machinery and equipment already on order. This would remove a large area of current and future expenditures from the scope of the suspension and thereby reduce its current economic and revenue effect. At the other end, the fact that the credit is earned when the equipment is installed—and not when the equipment is ordered or when expenditures for it are made—would always leave the credit still applicable to orders entered during the suspension period for equipment whose lead time would place the installation after the suspension was over. This also reduces the scope of the suspension. Moreover, the equipment left to be affected by the suspension—that both ordered and installed in the suspension period—in large part would be the sort of machinery and equipment, that, in coming on stream, would be helpful in meeting shortages.

Actually, I think people who have advocated suspension of the credit really have an image of its operation that would have it turn on orders rather than installations as it now does. This possibility was explored at the time the credit was originally set up and found not to be feasible.

Many advocates of suspension of the credit have also thought of the suspension as part of a program that would include both individual and corporate tax increases. In such a program, to the extent the suspension of the credit would be effective, the question would have to be considered whether this action, taken together with the rest of the program, would provide too much restraint on investment.

Also, it must be kept in mind that the investment credit has a long-run purpose of stimulating modernization and expansion of our machinery and equipment. This is necessary to give us the industrial structure needed to meet our domestic growth needs, to fulfill our international obligation, and to maintain the strong competitive position required for our balance-of-payments goals. Indeed, countries such as the United Kingdom and France with their own problems of inflationary pressures are currently moving to provide incentives to business investment.

So far I have discussed the counterinflationary aspects of a change in the credit. But there are analogous questions with respect to temporary increases in the credit to counter deflationary forces. A temporary increase in the investment

credit rate, say, from 7 percent to 10 percent would result in an unexpected wind-fall on outstanding commitments which had been made in expectation of the existing 7-percent credit but which would receive an additional 3 percent. As a result, the increase would, in effect, be retroactive, particularly with respect to the portion of the costs of assets placed in service during the increase period which represented expenditures or costs allocable to a prior period. At the same time, the retroactive feature of such an increase would be necessary and desirable to assure that the prospect of getting a higher credit in a depressed period would not lead to delays in investment and slowdowns of projects already under way at a time when some increase in the credit might be expected.

A temporary increase in the credit would stimulate chiefly short leadtime items which could be completed with some confidence in the increase period. Apart from its contribution to corporate cash flow, the increase would not effectively stimulate investments, completion of which would take some time, leading to an installation after the credit had reverted to its normal level. The way a credit increase would help to combat recession would be primarily to hasten to completion projects already underway and to stimulate demand for individual standard pieces of equipment, such as trucks, fixtures, and office equipment. Any use of a temporary increase in the investment credit as a counterrecessionary measure would depend upon the development of sufficient retroactivity to insure that the prospect of an increase would not add to uncertainties during periods of economic hesitancy and would not slow down investment in such a way as to aggravate depressed conditions of investment demand.

In considering countercyclical variations in the investment credit, it is important to recognize that investment demand will be influenced by corporate tax changes and—indirectly but possibly even more significantly—by variations in individual income tax rates. These effects would cover a wider range of investment, including inventories and accounts receivable, than would a change in the investment credit. Changes in the investment credit would concentrate on machinery and equipment acquisitions. The proportion of total corporate plant and equipment outlays eligible for the credit in 1963 was about 60 percent, and a share of this was subject to only the 3-percent rate of credit applicable to certain public utilities. In general, decisions in this area must involve the question of whether the concentration on a particular sector of business outlays or whether a comprehensive approach to influencing business outlays would be more effective in serving the needs of economic stabilization.

USE OF EXCISE TAXES FOR COUNTERCYCLICAL PURPOSES

An attempt to include excise tax changes as part of a countercyclical tax program would give rise to a number of problems and difficulties.

A major problem would arise from the fact that the Federal excise system as of now is made up almost entirely of three groups of taxes, (1) the sumptuary taxes on liquor and tobacco; (2) user charges and dedicated taxes; and (3) regulatory taxes. In addition, there are the taxes on new passenger automobiles and telephone service. But the telephone tax under present law is scheduled to be repealed in 1969. As for the automobile tax, the President has recommended that the 1-percent tax which will remain in 1969 be dedicated to the highway trust fund to pay the costs of the programs of highway safety and beautification.

This threefold classification of the excise system severely limits the adjustments that could be made to the existing excise taxes for countercyclical purposes. The regulatory taxes raise little revenue and do not lend themselves to adjustments for revenue purposes. Those taxes that are levied as user charges or whose revenues are dedicated to special purposes also do not readily lend themselves to anticyclical adjustments. The taxes are designed to charge users with the cost of certain public expenditure programs, and their use in a countercyclical manner might be considered discriminatory and inequitable. To raise charges above user cost levels in an inflationary period would be a form of discriminatory penalty tax on the users of the services; a reduction below user cost levels would in effect be a subsidy of the users of the service. It is questionable if public policy would be well served by alternatively penalizing and subsidizing, for example, users of the Federal airways system and thus air transportation.

It would be possible to revise liquor and tobacco taxes up and down according to cyclical revenue policy (the British have done this a number of times), but there are constraints on how much could be done. Taxation of liquor and tobacco is supported by the public for sumptuary as well as revenue reasons. At the same time, the policy has been to avoid severely depressing these industries. If

the desired fiscal policy called for a reduction in Federal tax rates, sumptuary considerations might argue against a drastic reduction in alcohol and tobacco taxes. On the other hand, while fiscal considerations might warrant substantially higher tax rates in general, the effect on the alcohol and tobacco industries might lead to little or no tax increase on their products.

Finally, taxes that affect prices always incur the danger of setting up perverse expectation effects. If consumers anticipated that prices were going to rise as a result of an increase in the tax, they would accelerate their purchases, thereby aggravating inflationary pressures. On the downside, they may hold back purchases in anticipation of tax reduction, thereby aggravating the decline at least in the early stage before the decrease in tax was actually in effect.

In view of the structure of the present excise system then, it would be difficult to utilize existing excises as much of a countercyclical measure. Nor would it be at all desirable to impose new selective excises or reinstitute those that have been repealed. The excise tax action of last year was properly based on the idea that the Federal tax system should deemphasize selective excises, because of their regressive, and discriminatory effects, and because they often pose compliance difficulties.

PAYROLL TAX

The payroll tax is connected with the social insurance system, and countercyclical changes in contribution would seem inappropriate. Increases in the tax would put a relatively large burden on low income workers and would scarcely be neutral. At the same time, the employer's portion is closely related to costs, and it would be uncertain as to how changes in the employer's tax would affect business behavior and prices.

The timing of otherwise desirable payroll tax changes must, however, be considered in light of economic conditions so as to avoid a destabilizing economic impact. There may be opportunities to alter the timing of such changes to assist economic stabilization without conflicting with the long-run principles of financing appropriate to the social insurance system.

APPENDIX

SOME POLICY DECISIONS INVOLVED IN FORMULATING THE STRUCTURE OF A VALUE-ADDED TAX

1. Scope of tax

Would the tax apply to the corporate sector only or cover unincorporated businesses as well?

Would the tax apply only to manufacturing and distribution of goods? Or would it also apply to services, including domestic service, casual labor, legal, medical, accounting, and various other personal and professional services? Should retailing be included, in view of widespread State and local retail sales taxes?

2. Special rates and exemptions

Should the tax apply uniformly at a standard rate to all goods and services or should it be differentiated, as in France, so as to bear more lightly on "necessities" as against "luxuries"?

Should exemptions be provided for certain end-products such as fuel and medicine? Or for certain uses of end-products such as purchases for use of churches, schools, hospitals, and charitable or scientific institutions?

Should relief be granted particular industries with unusually high value-added margins?

3. Agriculture and small business

Should farmers, shopkeepers, barbers, bakers, restaurateurs, cleaners and laundrymen, tailors, radio and TV repairmen, or small businessmen generally be required to pay the value-added tax? Should other vertical or horizontal exemptions be provided, i.e., by size of business or by type of activity? If so, at what size level (sales volume, employment, etc.) should the exemption be determined?

4. Financial, real estate, and royalty income sector

How should interest, rent, and financial intermediaries be treated under the tax? Presumably interest and rent payments would normally be taxed as costs to the payor. If interest is taxed generally as a cost or value-added item, would this rule work hardship on interest-paying financial intermediaries such as banks,

life insurance companies, and similar savings institutions, a large part of whose costs are interest payments to depositors, policyholders, etc.?

Should rents of real estate enterprises owning apartment houses, office buildings, and commercial industrial properties be taxed? Should the tax be imposed on the rent payer or payee?

5. Definition of the value-added base

Should all depreciation or expenditures on capital goods be disallowed as costs (GNP type of value-added tax)? Or should depreciation be allowed on depreciable assets ("income type" of value-added tax)? Or should the entire purchase of depreciable assets be deducted as a cost ("consumption type" of value-added tax)? If the consumption type of tax is adopted, how is the transition handled with respect to preexisting assets which were not deducted at purchase or previously depreciated for purposes of the new tax?

6. Mechanics of application

Should the tax be applied (1) to value added defined as sales less deductions for previously taxed purchases, (2) to the entire sales of the firm, as in France, subject to a credit for value-added tax paid on purchases invoiced to the purchaser, or (3) directly to value-added costs (i.e., wages, interest, previously untaxed purchases, etc. plus profits)?

7. Rebate on exports

Presumably imports would be taxed in full while exports would be eligible for rebate of cumulative tax paid on the exported commodity. How is the export rebate effectuated? By refund only to the exporter? By refunds tracing taxes back to each of the firms which have contributed to the export value as the goods moved through the various stages of production and distribution?

How will "reexports" containing previous imports be handled? How will "reimports" containing previous exports be handled?

8. Special income and cost problems

Should capital gains be included in the value-added base? (If not, potential profits taxable under the value-added tax could be capitalized by sale and removed from the value-added base.)

Should depletion be taxed as a value-added item? If deductible, how should depletion be calculated for value-added purposes?

Should special treatment be accorded fringe benefit compensation, including pension trust contributions and profit-sharing benefits?

Should tax payments of any kind be excluded from the firm's value-added base? Should different taxes be treated differently?

9. Public enterprise, tax-exempt institutional activity, and cooperative and mutual enterprise

Should the value-added tax be applied to Government-owned enterprise? To enterprise conducted by tax-exempt institutions? To cooperatives and mutuals? How should clubs (bars, restaurants, recreation facilities) be treated?

10. Reporting and collection procedures

Would the value-added tax return be integrated with the regular income tax or treated as a separate tax?

How would current reporting and tax payment be carried out? On a monthly basis? Quarterly basis?

11. Effect on structure of other taxes

What effect would a change in the corporate tax as a consequence of a partial shift to value-added taxation have on other parts of the tax system, such as the tax on capital gains of individuals?

Exhibit 34.—Statement by Assistant Secretary of the Treasury Surray, April 21, 1966, at the School of Law of the State University of New York, on Federal tax policy in the 1960's

The years beginning with 1961 have witnessed intense activity in the field of tax policy. Each year has found the Congress engaged in the consideration of major tax legislation, and revenue measures of wide scope and important policy import have resulted. Paramount among these are the Revenue Act of 1962, adding the investment tax credit and initiating tax reform activity; the Revenue

Act of 1964, providing major income tax reduction and initiating a new role for fiscal policy; the interest equalization tax in 1964, linking tax policy with balance-of-payments considerations through a novel tax measure; the Excise Tax Reduction Act of 1965, reforming the excise tax structure through the repeal of most of the selective excise taxes; and recently the Tax Adjustment Act of 1966, containing desirable structural changes yielding current increased revenues to shift fiscal policy from stimulus to restraint. Accompanying this legislative activity, there have also been important policy changes brought about through administrative measures, such as the revision in depreciation tax policy.

A major revenue measure is a complex production, imposing great strains on all who participate in the process, be they in the executive branch, the Congress, or the private groups directly affected or concerned. Given the arduous nature of the task, such measures are not lightly embarked upon. What then are the developments or causes that have brought in the first half of the decade this sustained high level of activity in the tax field? Are these factors likely to produce a similar emphasis on activity in tax matters in the second part of this decade?

PRINCIPAL FACTORS CAUSING A HIGH LEVEL OF TAX ACTIVITY

1. Tax policy and economic policy—growth and stability

The decade of the 1950's saw tax policy applied in a traditional manner. In the early 1950's, tax policy was called upon to provide the revenues for the Korean war. When that conflict passed, wartime taxes were scaled back in 1954 but still left at a high level, and the code subjected to many technical changes. Tax activity thereafter practically ceased. The economic policy was one of responding to recurring cycles of recession and recovery, with expenditure increases the weapon used to end the downslides.

But in 1961 the Kennedy Administration swung the country to a positive economic approach, and set it to the affirmative task of increasing our rate of economic growth. While resort to expenditure policy lingered on, the first steps were taken to use the tax system in an affirmative manner to spur economic growth. The investment tax credit, designed to encourage investment through an increase in the rate of return on investment in machinery and equipment and also in cash flow, was introduced in 1961 and adopted in 1962. A skeptical business community hesitated over acceptance of the credit but came to understand and endorse its purpose, that of providing in the tax system a solid support for investment in machinery and equipment and through this to increase our productivity and growth.

As a companion measure, the Treasury Department in 1962 revised its treatment of depreciation to liberalize both depreciable lives and the overall approach to the determination of the depreciation deduction, while still retaining the view that the main function of depreciation is to measure net income over time. Within that standard, however, these changes, with improvements added in 1965, moved far toward eliminating the restrictive and disputatious approach that characterized the prior administration of the depreciation deduction.

The Revenue Act of 1964, with its large tax reduction at a time when the budget was in deficit, marked a watershed in tax policy history. The measure was based upon the economists' firmly held view that a tax reduction to spur demand and investment would provide a stimulus to economic activity. The way to budget balance was through this economic stimulus, though it meant a continuation of budget deficits for the near future. The debates over this measure, the involvement of the business community in first accepting the economic thesis and then advocating it, and the final acceptance by the Congress swung the country over to the "new economics"—a phrase that brought wry comment from many academic economists long used to teaching this viewpoint in their classrooms. Fiscal policy was freed from the rigid demands of budget balancing, though a fiscally prudent President, watched by a wary Congress, would still quite properly maintain firm expenditure control and progress toward a balanced budget. The Excise Tax Reduction Act of 1965 followed the new economics of tax reduction, with the almost universal desire to be rid of the war and depression-born special excise levies providing an added spur to continued acceptance of a budget deficit as the path to higher economic levels.

As the gross national product rose, and the unemployment rate fell, the economists were able to offer proof that their fiscal policies were valid. The tax reductions had been sufficiently bold and large to offset the fiscal drag of the income tax structure and, with their multiplier effect, to move actual GNP

much closer to our potential. The economy was becoming powerful enough to provide the fiscal support for the far-ranging and ambitious Great Society programs of the Johnson Administration. The role of fiscal policy therefore appeared to be settling down to achieving the right mix and timing of tax reduction and expenditure increases in a budget attuned to the Great Society goals. Some economists were even looking forward to a policy of an automatic sharing of Federal revenues with State and local governments.

Abruptly all this was upset by the costs of the Vietnam war. A sharply rising defense budget superimposed on the rapidly expanding private economy suddenly accelerated the rate of economic activity. The unemployment rate began to drop more rapidly than previously expected. Economists suddenly found themselves faced with a situation for which the state of their professional knowledge supplied them with broad policy guidance but not precise operating instructions. The task now was to see whether unemployment could be brought below its interim goal of 4 percent without endangering reasonable price stability. Economic knowledge regarding the variable factors involved—the relationship between unemployment levels and price stability, the level of investment activity that was appropriate and sustainable, the manner and time span in which investment decisions can be affected by fiscal policy—has not yet been fully developed. Nor has the art of even short-range economic forecasting.

But still broad economic guidance is at hand, and this guidance emphasizes the role of tax policy. For when fiscal restraint is needed, however difficult it may be to make the decisions on timing and extent, it is clear that a tax increase can be effective to restrain both consumption and investment. This resort to tax policy as a short-range economic stabilizer is of a different order from the use of tax policy in the tax reduction measures of 1964 and 1965. Those measures gave a new shape to the tax structure, and the change was intended to be permanent—as far as “permanency” can have meaning in the tax field. But economists have regarded tax policy when used as a stabilizing device to require a highly flexible approach involving quick action designed to be only temporary in its effect. Indeed, because of this emphasis on flexibility and speed they have sought procedural devices to achieve these characteristics, such as a delegation of authority to the President to raise or lower tax rates subject to congressional disapproval. As a consequence, they have given less thought to the substantive content of the actual tax changes or to how the problem of determining when action is appropriate, especially on the increase side, will be met. The Administration, convinced that Congress is not at all likely to delegate this power, has acted on the view that the substantive content of the tax measures and their timing are the important factors. Given proper decisions on these matters and a Presidential recommendation, it believes that the Congress will act responsibly and promptly.

The recent Tax Adjustment Act of 1966, while geared to reducing a budget deficit caused by Vietnam expenditures, clearly had tones of fiscal restraint for anti-inflationary purposes. Its substantive content blended the adoption of desirable structural changes—graduated and improved tax withholding procedures for individual wages and salaries, currency in corporate income tax payments and in self-employment social security tax payments—with the one-shot revenue increases resulting from the “doubling-up” in tax collections in the transitional period as these structural improvements were made. These structural changes, by increasing the currency of tax payment in relation to the earning of income and profits, make the income tax very sensitive to changing economic conditions. It is thus a more efficient automatic stabilizer, and also a very responsive tool for flexible tax policy. The act also adjusted the fiscal impact of excise tax reform to the economic situation by deferring previously scheduled rate reductions in the two major excise taxes, new automobiles and telephone service, which had been already chosen by Congress for only gradual reductions. The swiftness of the congressional response—involving only 2 months at the beginning of a session, when starting-up tasks and holiday periods reduce available legislative days—is welcome evidence of congressional realization of the advantages that a flexible tax policy offers.

The recent hearings of the Joint Economic Committee, through its Subcommittee on Fiscal Policy, on tax flexibility also have advanced our knowledge in this area.

Looking then at the first half of this decade, one clear cause of the activity in the tax field has been the growing recognition and acceptance of the affirmative use of tax policy to realize economic objectives. The goals involved have been those of reduced unemployment, economic growth, and reasonable price stability.

These goals are ever present. Hence we can expect that the second part of this decade is likely to continue to involve an emphasis on tax matters for the same reasons, as tax policy plays a growing role in our overall economic policy.

2. Tax revision and reform

The previous tax history had seen a series of tax changes that aggravated the serious concern over the increasing inequities of the income tax structure and the narrowing of the base of that tax. This concern developed into a wide-ranging examination of the income tax structure in hearings held by the House Ways and Means Committee in 1959. The Kennedy Administration, in the President's Tax Message in 1961, initiated an intention to improve the tax structure along the lines of equity and efficiency. As indicated by the espousal of the investment credit, it recognized that in certain circumstances a tax provision may be an efficient tool to achieve a special target, such as economic growth. On the other hand, the viewpoint was clearly set forth that many existing tax policies, such as lax rules on the deductibility of travel and entertainment expenses, the virtual tax exemption of mutual savings institutions, and the opportunities for establishing foreign tax havens, could not be defended since the claimed nonrevenue objectives were vastly disproportionate to the revenue cost and the tax preferences fostered.

Reform proposals were made in 1961 and again in 1963, and the struggles over these proposals made the path of the revenue acts of 1962 and 1964 long and difficult. Inevitably some proposals failed to survive the journey. Yet many were enacted, sometimes in the form proposed, more often in the shape of a compromise solution. Among these changes were repeal of the dividend credit, limitations on abuse of the deduction for travel and entertainment expenses, restrictions on the use of employee stock options, broad elimination of abuses in the area of foreign income, removal of capital gain advantages on the sale of depreciable personal property and some restrictions in the case of real property, current taxation of the income of cooperatives, partial taxation of the income of savings and loan associations, taxation of mutual insurance companies, tightening of the personal holding company provisions, elimination of capital gain treatment for the interest element in deferred payments, adequate reporting of information on dividend and interest income (but unfortunately not collection at the source), some inroads on the use of multiple corporation surtax exemptions, tightening of the sick pay exclusion, and some limitation on the previous exemption of group life insurance premiums paid by the employer. The statistics are revealing: In the years from 1940 to 1961, only \$600 million was raised from revenue-raising reforms, only \$200 million since 1953. Since 1961, over \$1.7 billion has been raised.

Nor was tax revision activity limited to revenue-raising reform measures and the elimination of tax preferences. The recent revenue acts have contained a number of recommended revisions which were designed to eliminate unfairness to the taxpayers involved. These include the adoption of the minimum standard deduction as a sort of vanishing exemption to assist lower bracket taxpayers, the adoption of an averaging system for suddenly increased incomes, the elimination of consolidated returns tax, and a deduction for moving expenses. In total these reforms amounted to over \$500 million.

These changes can all be classified as structural revisions or reforms, and many are significant in scope. In a larger way, the tax reduction of the 1964 act was a major reform of the tax structure and the lower tax rates, especially in the upper brackets, will have an effect on tax planning and tax motivated activities. There is a lessened pressure to follow tax favored routes when income received in a regular way—salaries, bonuses, dividends, interest, business income—is taxed at least 20 percent less heavily than before. Also, the excise tax repeals of 1965 were a major reform of our excise tax system, leaving it largely free of selective taxes other than the sumptuary and regulatory taxes, and other than user charges for the highway trust fund and commercial aviation.

3. International aspects of taxation and the balance of payments

The year 1961 marked the beginning of a concentrated attack on our balance-of-payments problems, an attack that has continued ever since. The ramifications of the efforts to subdue our balance-of-payments difficulties have now spread to almost every aspect of Government and the private sector. Given the leadership of the Treasury Department in these efforts, it is hardly surprising that the tax field was early influenced by them. Thus, balance-of-payments considerations

were mixed with tax equity aspects in a wide-ranging effort in 1961 and 1962 to eliminate tax preferences in the treatment of foreign income and thereby remove inducements to invest abroad rather than at home. The goal was a tax system which as far as possible was neutral in its treatment of foreign income, except where other policy considerations required that some tax advantages be accorded to activities in less-developed countries. Numerous changes resulted: the elimination of serious tax haven abuses, the tightening of the foreign tax credit provisions, a marked restriction on the previous exemption of income earned abroad by U.S. citizens residing abroad, the end of the exemption of foreign real property from the estate tax, the removal of tax inducements to use foreign (primarily Canadian) investment companies, the elimination of tax avoidance through foreign trusts.

These were all permanent changes that were justified on traditional tax grounds alone, and the balance-of-payments picture was relevant only as a spur to their adoption since their effects fitted our balance-of-payments goals. The interest equalization tax, introduced in 1963, was of a different character—a pioneering use of the tax system to restrict foreign borrowing by temporarily making it more costly through having to bear a new and specially tailored tax applied to that borrowing, which tax was the equivalent of an additional 1 percent annual interest charge. The act applied to American investment in foreign stock and debt issues, both new and outstanding. In keeping with policy goals, it excepted export transactions, direct investment, investment in countries denominated as less-developed by the President and certain countries, again denominated by the President, where application of the tax would threaten to imperil the stability of the international monetary system. In practice, this last exception has meant exemption for new Canadian issues and \$100 million annually for new Japanese debt issues.

This act has been successful in the goals sought to be accomplished by it, and within the areas it covers there has been only negligible foreign borrowing in the United States since its enactment. It thus embodies a new tax device, capable of being made flexible in its adaptability to changing balance-of-payments considerations, which we and other governments can add to the varied weapons needed to deal with those considerations. The interest equalization tax is particularly well adapted to this role of a tax measure having a nonrevenue objective. One of the historical responses of a country having balance-of-payments difficulties has been an increase in domestic interest rates. This increase is supposed to discourage foreign borrowers and to make domestic lending more attractive. An obvious drawback to the traditional remedy is the fact that higher domestic interest rates would suppress domestic activity as well as improve the balance of payments. The interest equalization tax was designed to carry out the valuable part of the traditional remedy for a balance-of-payments problem, namely, increasing the cost of borrowing in the United States to foreign borrowers but to achieve this result through a tax device that affected only the cost to the foreign borrowers. It thus applied the remedy without thereby creating general credit tightness in the United States and increasing interest rates for domestic borrowers. This tax is an illustration of the point that taxes can be intelligently chosen to serve nonrevenue objectives, but when this is done the decision must be made with care. We must, so to speak, drive a hard bargain to be sure that the non-revenue objective is worth the candle and that the tax means chosen are efficiently directed to that objective.

Balance-of-payments considerations have also led to a wide-ranging examination of the U.S. tax treatment of foreigners who invest in the United States. The initial impetus was the Fowler Task Force Report in 1964 which called attention to certain aspects of that treatment which may be acting as obstacles to a higher rate of foreign investment in the United States. The result is pending legislation making numerous technical changes in the income and estate tax treatment of foreigners. The changes are designed to revise restrictive provisions having no justification in tax policy and also to eliminate existing tax preferences to foreigners which likewise have no support on tax grounds. The measure is the first major overhaul of this area of our tax law.

These legislative efforts to modernize our tax laws relating to international aspects, unparalleled in our tax history, have been supplemented by extensive activity in tax treaty negotiations, in revision of administrative rules and procedures, and in our participation in the activities of the OECD Fiscal Committee. The Treasury is now engaged in the wide-ranging task of adopting regulations and rules designed to provide as much guidance as possible to the administration

of the important provisions of our tax law affecting international transactions, especially those provisions where considerable discretion is vested in the Treasury and Internal Revenue Service.

These principally are section 482 of the Internal Revenue Code, relating to adjustments in intercompany accounts to reflect a proper division of income between the U.S. activities and the foreign activities of an enterprise, and section 367, requiring a ruling that tax avoidance is not involved where a U.S. taxpayer seeks to apply certain beneficial provisions of our law to his foreign activities. In these efforts the United States is undertaking a pioneering role that is likely to lead to increased exploration of these matters by the tax administrations of other countries.

The United States is also engaged in an intensive revision of its double taxation treaties with developed countries to modernize their provisions, and in an increasing range of negotiations to bring about tax treaty relationships with less-developed countries for the first time. Such treaties have a supporting role in strengthening investment, trade, and educational relationships (the last through provisions specially structured to ease tax burdens on visiting professors, students, and trainees) between the United States and the other treaty countries. Finally, the United States through its participation in the OECD Fiscal Committee is seeking to obtain international consideration of the many tax problems that are emerging today. Thus we have been interested in the international examination of tax haven problems, the relationship of the tax systems of developed countries to those of less-developed countries, and the development of a set of rules, similar in concept to the OECD model tax treaties, for the allocation of income and expenses between the different components of enterprises with international business activities. We also believe that this Committee can serve as a useful forum to discuss major tax changes occurring in the systems of the various member countries, so that evolving tax concepts can be better understood and the knowledge gained applied to our problems.

POSSIBLE PATHS OF FUTURE DEVELOPMENT

This review of the factors that caused a high degree of tax activity in the first part of the 1960's—affirmative use of tax policy for economic growth and stability, the need for revision and reform of the tax structure, and the importance of international tax relationships—indicates that the same factors are as likely to exert an influence in the second part of the decade. We should, therefore, expect that tax activity to continue at a high level in the years just ahead. Indeed, there are ideas and concerns now emerging in various ways and places that could add to these factors and even accelerate the pace, or shift it to new areas.

It is difficult and rarely profitable to predict very far ahead in the tax field. One can at best only sketch the possible paths of new developments within a horizon that is quite limited. These developments do not necessarily portend culmination in legislative activity, for many of the proposals and ideas in the tax field that are carefully researched and examined, and then subjected to public scrutiny, do not survive to the stage of serious legislative consideration. And many of those reaching that stage will, in the end, turn out not to have the consensus support required for successful legislative approval. Hence, the following discussion of possible paths of future developments is offered in the light of these cautions and the further caution that enumeration here by no means implies either approval or disapproval of the various items mentioned. Nor is the discussion intended to be exhaustive or the order of mention significant.

1. Estate and gift tax revision—capital gains

The income tax and the excise taxes have had their fair share of examination, and indeed the legislative activity up to now has concentrated on these areas. During this period, however, extensive studies of the estate and gift taxes have been underway on the economic side by the Brookings Institution and the legal side by the American Law Institute. The Treasury Department has cooperated in these studies and followed them carefully, and is now engaged, so to speak, in a study of these studies to consider whether revision of these taxes is appropriate and the nature of that revision. These existing studies have covered all facets of the taxes, their rate and exemption patterns, their technical structure and their interrelationships. The Treasury is also considering the relationships of these taxes to the capital gains tax and the rates of income tax in the upper brackets, since the taxpayers involved in the estate and gift taxes are also those primarily affected by these aspects of the income tax. In addition, the treatment of capital

gains at death, an area which the Treasury believes is in need of revision to limit the present escape from income tax of appreciated property transferred by inheritance, is also involved in this overall study.

2. Taxes and poverty

The concentrated attack against poverty being waged under the Great Society programs is necessarily focusing attention and study on the impact of the tax system on those at the poverty level. As far as the Federal system goes, the adoption in the 1964 act of the minimum standard deduction (involving an exemption level of \$900 for a single person, \$1,600 for a married couple, and \$3,000 for a married couple and two children) and the splitting of the former first bracket of \$4,000 for a married couple into four \$1,000 brackets with a starting rate of 14 percent, have done much to remove the income tax from those in the shadow of poverty. The elimination in 1965 of many of the special Federal excise taxes has also helped to lessen the tax burden on these individuals. But more should be done, and, when tax reduction again becomes fiscally appropriate, primary consideration should be given to reducing the burden of the tax at poverty levels.

A few statistics, quoted from a previous discussion of this subject, may illuminate the policy issues involved:

As incomes increased in past years for the population as a whole, the nature of our tax structure over those years—relatively fixed rates and exemption levels—increased the tax burden on lower income taxpayers, as they moved from a nontaxable status to a taxable status, from the lowest bracket rate to a higher rate.

Even our massive income tax reduction in the last 2 years has only set this process back about 5 years.

And even with such reduction, over the past 15 years an examination of effective tax rates (the percentage of overall income actually paid in tax) shows:

- a family earning half the national average income (\$2,200 in 1950, \$4,000 today) went from an effective tax rate of zero to almost 4 percent;
- a family earning the national average income went from an effective tax rate of 6½ percent to 9 percent;
- a family earning double the national average income stayed roughly the same;
- higher income families either held their own or realized reductions, often substantial, in their effective tax rates as increased incomes were offset by increased deductions or a greater proportion of capital gains.

Indeed, the spread of effective tax rates is greatest for higher income taxpayers, varying from zero to around 66 percent. Correspondingly, the average effective rate for very high income taxpayers is much lower than is generally realized. For instance, all taxpayers who in 1962 reported adjusted gross income of more than a million dollars would, at present tax table rates, pay an average effective rate of only 26 percent of their overall income (including capital gain income in full). Furthermore, only 9 percent of those taxpayers would have effective rates of over 50 percent on overall income under present tax table rates.

All this reinforces President Johnson's view that the next tax reduction should focus on the lower income groups.

3. Tax simplification

President Johnson in his 1966 Economic Report stated:

"* * * improvement of our tax system is a continuing need which will concern this Administration and which deserves the support of all Americans
* * * One major goal must be simplification of the tax law."

The difficulties of achieving tax simplification are many, varied, and deeply ingrained in our present tax structure. Indeed, they are matched only by the desire, long standing and constantly repeated, of so many voices to achieve some progress towards simplification. In the years ahead, serious attention is likely, therefore, to be given to this subject. Thus, in addition to President Johnson, congressional leaders in the tax field have addressed themselves to the task. Chairman Mills, in a recent article in *Nation's Business*, called for greater emphasis on simplifying the tax laws and provided specific suggestions which indicated the many facets of the task. Stating that improved administration was one of the roads to tax simplification, he pointed for examples to the treatment of tax

liens, the direct filing of tax returns at regional offices, and an improved rule to determine which parent should receive a dependency exemption when there has been a divorce—an issue involved in a very high proportion of disputes at the administrative level. Legislation dealing with these matters is now moving through the Congress. Next he called attention to substantive provisions in which the computations and detail appear unnecessarily complex and out of proportion to the substantive refinements thereby obtained in the development of the provisions. Here he used as examples the retirement income credit, which takes an entire page on the tax return, the averaging provision, and the sick pay exclusion. Then, in an area of much wider significance, that of personal deductions (e.g., the deductions for interest, taxes, charitable contributions, medical expenses, and casualty losses), he stated alternative plans whereby the serious complexities involved in the present itemization of these deductions would be reduced.

One plan would increase the standard deduction—this plan would lose revenue and maintain income tax rates at present levels. A second plan would reduce tax rates by about 10 percent, or perhaps more, in the upper brackets, for those willing to forego the standard deduction or itemized deductions. This plan, being optional, would also lose revenue. A third plan would reduce the rates by 10 percent, and even more in the upper ranges, and then allow no standard deduction and itemized deductions only above a 10 percent of adjusted gross income level. This plan could be aimed at achieving a revenue balance, or only as little loss as would be needed to make finer adjustments among the different tax-payers involved in the restructuring.

Chairman Long, of the Senate Finance Committee, is also interested in tax simplification and, indeed, his approach, like that of Mr. Mills, recognizes the complications now involved in our system of personal deductions. Senator Long's proposal goes beyond these deductions, and would provide substantially lower effective tax rates for those who optionally forego all tax preferences, including most of the personal deductions but also extending to such matters as tax-exempt interest, capital gains, and depletion. Essentially such a proposal and the deduction proposals of Mr. Mills involve alternative ways of measuring taxable income that are broader than the present law, in the belief that these income alternatives will prove less complex than our existing refinements. At the same time, being broader, they offer trade-off possibilities in the reduction of tax rates without serious revenue loss.

The achievement of tax simplification requires a high measure of sheer ingenuity mixed with an intelligent weighing of what is valuable complexity, proper to achieve needed fairness, and what is expendable refinement and detail. We must recognize that society is willing to tolerate considerable tax complexity in the areas where lawyers are needed anyway—corporate reorganizations and reorganizations, partnerships, trusts, and the like. But society can properly demand solutions to the complexities that now seriously complicate the tax system for the average taxpayer—the retirement income credit, the itemized deductions, and similar matters. Where simplification is possible without pain to the taxpayers involved, and without serious loss of revenue, it will obviously be adopted as soon as the solution is perceived. The hard cases are where some monetary cost to the taxpayers is involved in the simplification solution. But we can only achieve simplification in the hard cases if we are willing to abandon those refinements of equity or incentive that are disproportionate to the complexities involved.

4. Tax equity and special tax preferences—cost effectiveness analysis

President Johnson, in his 1966 Economic Report calling for improvement of our tax system, stressed two additional themes—equity and the review of special tax preferences:

"Another aim must be a more equitable distribution of the tax load. The great variation of tax liability among persons with equivalent income or wealth must be reduced. Further, when tax reduction once again becomes feasible, particular attention must be given to relief of those at or near poverty levels of income.

"Finally, we must review special tax preferences. In a fully employed economy, special tax benefits to stimulate some activities or investments mean that we will have less of other activities. Benefits that the Government extends through direct expenditures are periodically reviewed and often altered in the budget-appropriation process, but too little attention is given

to reviewing particular tax benefits. These benefits, like all other activities of Government, must stand up to the tests of efficiency and fairness."

These words emphasize that structural tax revision and reform must be a continuing ingredient of our tax legislation. Indeed, the determination from time to time of how the balance among these three factors—equity, special tax preferences, and simplification—should be struck will decide the nature of our tax system. If we stress special tax preferences and through them the use of the tax system to accomplish on a wide scale benefits for particular taxpayers or various nontax goals, then the price must be paid through a lessening in the equitable distribution of the taxload and in increased complexity. If we push simplification too far at the expense of fairness, then also the equity of the tax system suffers. But if we push the demands of equity to refinement after refinement, then complexity triumphs. And if we discard each and every tax preference, then certain needed values in our society can be lost.

These interlocking pulls and counterpulls and the constant need to seek the right balance make the task of tax reform difficult. But the President's words underline that the goal can be clearly perceived and there are standards against which the present provisions can be tested. One is that of achieving a greater degree of horizontal tax equity than we have today: "great variations of tax liability among persons with equivalent income or wealth must be reduced." The other is that special tax preferences must—just as direct governmental expenditures—justify their current existence: "Tax benefits * * * like all other activities of Government, must stand up to the test of efficiency and fairness."

The first standard, that of horizontal tax equity, is a familiar one to economists and indeed to legislators though perhaps not in that terminology. For it is essentially the concept of elementary fairness in taxation—why should this taxpayer be treated better, or worse, than the rest of the public. It is the first and basic barrier that proposals for tax preferences face when pressed on the Congress, and it is the barrier which most cannot surmount. The concept of tax equity may be subtle, indefinite, flexible, and seen differently by different viewers, but it is nevertheless a concept that all who participate in the tax legislative process initially resort to, instinctively or expressly, to see whether each new proposal must either bear a high burden of proof or is presumptively acceptable.

The second standard, that of "efficiency," while also familiar to economists, receives a new cast when coupled with the considerations applied to the review of direct budgetary expenditures. In recent years developments in cost effectiveness analysis and similar analytical tools are making it possible to identify more clearly the goals of expenditure programs and then to measure with steadily increasing precision the efficiency of the programs in accomplishing those goals. But this approach has not hitherto been applied to tax legislation. Yet taxes foregone because of a desire to benefit a particular activity or to induce certain activities are, in a real sense, monies spent. Indeed, in nearly every such situation an alternative to the tax approach is a direct expenditure of funds not involving the tax system. Cost effectiveness will enable us to appraise the efficiency of the tax approach as compared with the expenditure approach.

The need for this hardheaded appraisal is evident as those seeking certain goals keep turning constantly to the tax system as the vehicle for their ends. Thus tax credits are sought for college education, antipollution machinery, manpower training, underground transmission lines, State income taxes, and a variety of other objectives. Their sponsors never seek to test the link between the tax credit and the objective, but rely instead on the appeal of tax credits and the social worth of the objectives. Yet that link nearly always will not stand the application of a rigorous cost effectiveness analysis, and it will generally be found that the tax credit is wasteful and inefficient when compared with equal or fewer dollars spent through a direct expenditure or other nontax program. The tax benefits will be misdirected by going to taxpayers who do not need them and by being withheld from those whose low incomes or losses keep them from being taxpayers at all and hence able to profit from the credits.

Nor should this cost effectiveness analysis be applied only to test new tax proposals. Large sums are "spent" under our present tax system, through its existing preferences, to accomplish certain social or economic objectives. While recognizing of course that cost effectiveness may not always be the proper or necessary method of evaluating a tax provision, it can nevertheless be helpful to apply that method to these existing preferences to improve our understanding of their effect and operation.

5. Tax administration—compliance and collection procedures—statistical data

Tax administration can also benefit from cost effectiveness analysis and similar approaches. We are making great strides in applying automatic data processing to the paper work processes, routine examinations, and data gathering of tax collection. We will thus be in a position to survey carefully the degree of existing compliance in various income areas and then, where needed, devise improved methods to increase compliance. We can appraise the effectiveness of present information reporting procedures applicable to the different ways in which income is earned or received, and consider how these procedures can be improved or supplemented by automatic collection at source mechanisms. For clearly, in a society as automated as ours is becoming, there is every reason, based on fairness to those who comply, to ensure that the legislative decisions by the Congress on how the tax burden should be allocated in our society are not distorted or thwarted by weaknesses in the tax collection process.

Through various structural changes we have largely shifted our tax collection to a current basis, using graduated withholding for wages and salaries and estimated payments for nonwage income and corporate income. The task now is to refine these procedures of current collection. Thus we must, as we gain experience with graduated withholding and the new additional allowance system for taxpayers with large itemized deductions introduced by the 1966 act, see if there are ways further to reduce overwithholding, or, in the small degree to which it may still exist, underwithholding. We must examine our declaration of estimated tax system to ascertain if it is functioning effectively, and to consider the effect of reducing the \$100,000 tax level at which current payment starts for corporations—after all, proprietorships are on a current basis for their income tax over \$40.

Of course a move to simplification in the substantive measurement of taxable income and a lessening of tax preferences, with their complicating options and departures from the regular patterns, would greatly ease compliance problems. It would also give the Internal Revenue Service the opportunity to make far more rapid progress in conquering the problems involved in structuring tax returns for mass use by millions of taxpayers.

The tax system is a vast gatherer of statistical data, which are largely maintained in Statistics of Income published by the Internal Revenue Service. Developments in statistical techniques and in automatic data processing combine to require careful examination of this statistical activity. We need to appraise the information that should be sought on tax returns, to consider what statistical data should be obtained, analyzed, and published by the Service in the light of its own needs and the overall reporting requirements placed on the private sector by Government, to determine how these data can be used to guide us both in the administration of the tax system and in evaluating existing substantive provisions or new proposals, and to consider how the data and information gained can be used by Government and others to increase knowledge in nontax fields.

6. Tax-exempt organizations and activities

In recent years there has been a determined effort carefully to survey the various organizations accorded a tax-exempt status under the income tax, either directly as tax-exempt organizations or indirectly through special technical rules governing the determination of their taxable income. The objective of the survey is to ascertain whether that status is still justified under modern economic and social conditions and high tax rates and, if so, whether the grant of the status is being abused or otherwise requires modification. This effort has produced significant changes: the methods of taxing life insurance companies and casualty insurance companies have been revised, the treatment of cooperatives has been altered to obtain a current tax either from the cooperative or the patron, and the savings and loan associations have been subjected to partial income taxation. But the field is a wide one and further changes appear appropriate.

One phase of the inquiry concerns business activities which are not being fully taxed. This escape from full taxation may result from the technical rules governing the determination of their net income, as in the case of financial institutions. Sometimes these rules are traceable to the mutual character of the organization, sometimes to the particular business procedures involved. As experience is gained under these technical rules, they must be reexamined to see if their effect is to yield a lower rate of tax on these institutions than on other businesses. If so, since business activity and competitive effects are involved, the burden of

showing a continued justification for the existing rules falls upon the financial institutions.

In other instances, the business activity may not be fully taxed because it is operated by an organization granted a tax-exempt status on account of its functions apart from the business activities. While the income tax now reaches the "unrelated business income" of some tax-exempt organizations, such as educational or charitable organizations, there are weaknesses in the areas covered by the "unrelated business income" rules and there are many types of exempt organizations and their businesses to which these rules do not extend. Again, since activities competing with fully taxed businesses are involved, the burden of sustaining the continued exemption should fall on the organizations involved.

Another phase relates to those institutions having a tax-exempt status because of the value to society of their basic activities, where the manner of performance of those activities has come to be questioned by society. An example here is the private foundation, and the issue is broadly summed up in President Johnson's recommendation that Congress "deal with abuses of tax-exempt private foundations." Perhaps I can summarize the matter as seen by the Treasury in these words taken from a previous address to the Section of Taxation of the New York State Bar Association:

"We are all well aware that private foundations have been under a cloud for many years, despite the fundamental and strong attachment Americans hold for private philanthropy. Of all the areas in which that philanthropy can be exercised—in private educational institutions, in religion, in community programs—basically only the area of the private foundation stands suspect. And that is because a substantial number of private foundations have not been able to separate their philanthropy from activities and relationships that have nothing to do with philanthropy. Prominent among these aspects are their involvement in business relationships and their maintenance of arrangements and transactions which give the appearance and often the actuality of continuing financial benefits to their donors and trustees.

"I doubt there is anyone who looks upon these matters as positive benefits to philanthropy or society. I have not found a responsible foundation trustee who, finding a foundation with a diversified investment portfolio, would switch that portfolio into the ownership of a business corporation or a minority interest in a family corporation or unimproved land or only non-dividend-paying growth stocks. The present involvement of foundations in these investments and activities is thus only an accommodation to their donors, be it a reflection of the donor's past activities or as a response to a present desire of the donor. But the involvement is hardly an inherent philanthropic virtue.

"Our task is not to perpetuate these involvements of private foundations, but to seek ways in which foundation philanthropy can be freed from them—ways whereby the private foundation can shed the activities which the donor's financial history before its organization or his present financial concerns have thrust upon it.

"Nor should we look only at foundation involvements with the financial affairs of their donors. Again, I have not found any responsible trustee who has not recognized the need to maintain a balance between the influence of those donors desirous of playing a role in the philanthropic spending of the funds which used to be theirs—but legally are no longer their private concern—and the claims of society that philanthropic funds be controlled by trustees with a fiduciary regard and a degree of detachment and outlook that is not submerged in submissiveness to the donors.

"The Treasury Department in its *Report to the Congress on Private Foundations* addressed itself to these difficult problems and made specific recommendations. I urge your careful study of these recommendations. For here also legal ingenuity should be equal to the task of removing the present clouds that hang over the private foundations. And indeed tax lawyers have a real responsibility in this regard. The proliferation of the private foundation is in large part the handiwork of the tax bar, in its use of tax provisions designed to foster general philanthropy as a tool for family and business planning. Society can properly call upon us to recognize the wider concerns involved and to fashion our handiwork into a genuinely philanthropic instrument not tainted by the present defects and abuses."

Another somewhat different example of a tax-exempt institution whose present-day effects and operation have come into question is the private pension plan.

Essentially, the statutory rules governing the development of private pension plans, set forth as qualifications for eligibility for special tax treatment, have not changed since 1942. As a consequence, basic problems in the private pension field such as the vesting of pension benefits, the funding of benefits, the portability of benefits, the coverage of employees, and the integration of these plans with the social security system are governed today by concepts and patterns developed a quarter of a century ago. Pension plans then were just beginning to flourish and economic conditions and institutions were different. The President's Cabinet Committee on Private Pension Plans has raised serious questions about the suitability of the existing rules in the light of present-day conditions. These questions deserve serious consideration.

7. The scholars and possible new areas

It is the task and duty of scholars constantly to be generating new ideas for society to consider or reject. It is also their role carefully to research and analyze new ideas that may have been advanced elsewhere, so that society can be better prepared to judge those ideas. While the tax field should be no exception, and basically it is not, still I doubt that this field receives its fair share of scholarly attention. Indeed, but for the work of a few research institutions, notably the Brookings Institution and the National Bureau of Economic Research, and a handful of academics, the scholarly attention seems rather thin. Yet there are some tax areas now being explored by the scholars and one should take note of these as forming a research stockpile out of which there may emerge new matters for public consideration.

a. *Corporate taxation—and the value-added tax.*—The scholars have always paid attention to the corporate tax and its place in a Federal tax system. But their attention has not yet produced clear directions for the legislator, and the consequence has been shifting legislative approaches both here and abroad. At present the United States has a corporate tax separate from the individual income tax on dividends, except for the \$100 dividend exclusion. The United Kingdom, which formerly integrated its corporate tax with the individual income tax by allowing shareholders a credit against tax, on a grossed-up basis, for the corporate tax, shifted in 1965 to the complete separation of corporate tax and individual income tax. France and West Germany, however, have moved from separate treatment to a semi-integrated approach but with differing techniques, France using a shareholder grossed-up credit for half the corporate tax and West Germany a lower corporate rate on distributed profits. Canada presently has a semi-integrated system through a shareholder tax credit, without grossing-up, of 20 percent of dividends received, but presumably this approach is under examination by the Royal Commission now surveying the Canadian tax system.

With all this diversity, we may expect that the scholars will consider they have a task set for them to offer fresh guidance or criteria to legislators. The status quo of course has strong claims in the United States—a system which collects over \$1½ billion from General Motors, and about \$5 billion from 10 corporations, is certainly efficient in this sense and is thus not easily displaced by any rival approach that disperses the tax collection and complicates the task of administration. Thus any approach which looks more to the shareholder for the tax on corporate profits must devise a more efficient system of collecting the tax on dividends than we possess today. Moreover, the tax on corporate profits must be considered in the context of our present lower rates for capital gains taxation, since the great part of capital gains traces back to accumulated corporate profits.

The scholars in this area are, with varying degrees of enthusiasm and also varying limits to their perspective (many do not see the relationship to the capital gains tax), considering the value-added tax as a competitor to the corporate tax, or perhaps as a companion. In part this research stems from the movement in Europe toward the value-added tax as the preferred form of national sales tax to replace their present varieties of that tax, such as turnover taxes, and, parenthetically, not as a substitute for their corporate taxes. This research will undoubtedly be helpful in increasing American understanding of the value-added tax—its issues and problems, its relationship to our present system, its advantages and disadvantages in relation to the corporate tax and to other forms of sales taxation, its economic impact and ultimate incidence.

Another area that the scholars appear to be considering, and this may be more in the domain of the lawyers, is the desirability of revising and broadening the so-called "Subchapter S" method of taxing corporations. Under this method, by following complex rules and paths the shareholders of closely held corporations

can elect to eliminate the corporate tax if they include the corporate profits in their individual income as presumed dividends.

Both of these new areas of inquiry, along with the more traditional lines of research respecting corporate tax integration and "double taxation" of shareholders, may help shape the possible paths of future public debate in the corporate field and perhaps also, in view of the value-added tax, of sales taxation generally.

In the Treasury we are devoting attention to the matter of business investment in plant and equipment and the effects of tax rules upon such investment. We are trying—and we hope others will also do so—to learn more about the factors—cash flow, rate of return, foreseeable demand, and so on—that influence that investment and the conditions, including tax policy, that will enable us to maintain a rate of investment appropriate to our economic goals. We are also seeking to learn more about our depreciation system, especially the guidelines and the reserve ratio test, and are here using a complex computer study of the effects of varying depreciation rates and lives against the manifold patterns of asset holdings, replacements and retirements that our businesses exhibit.

b. *Treatment of the poor—the negative income tax.*—Scholars interested in the income maintenance and welfare activities of Government have rather recently begun to explore in a systematic way the possibilities offered by the individual income tax structure. Their research has recently been given added emphasis by the Report of the President's Commission on Automation, composed of leaders in business and labor and expert economists, which recommended:

"* * * that Congress go beyond a reform of the present structure and examine wholly new approaches to the problem of income maintenance. In particular, we suggest that Congress give serious study to a 'minimum income allowance' or a 'negative income tax' program. Such a program, if found feasible, should be designed to approach by stages the goal of eliminating the need for means test public assistance programs by providing a floor of adequate minimum incomes. A minimum income allowance would complete the symmetry of our tax system, under which tax payments are related to income, family size, medical, and other costs, by acknowledging the continuity beyond zero tax rates. It seems anomalous to us that a family of five now pays the same tax—zero—whether its total income is \$500 or \$3,500."

The 1966 Report of the Council of Economic Advisers also recommended research in this area:

"Increasing concern about these problems (of poverty) is producing a variety of new income-maintenance proposals. One approach would make public assistance coverage more comprehensive and assure all recipients more adequate benefit levels. Another approach is the institution of uniformly determined payments to families based only on the amount by which their incomes fall short of minimum subsistence levels. Such a system could be integrated with the existing income tax system. This plan is now receiving intensive study by many scholars. It could be administered on a universal basis for all the poor and would be the most direct approach to reducing poverty. In future years, these and other proposals deserve further exploration."

The negative income tax—and the research might well encompass the search for a more descriptive phrase—would seem essentially a device to channel Government funds to those in poverty status. As such it is not a tax matter. Yet, since the device uses standards set by the income tax to measure the poverty level and since it views the income tax structure as a continuum—with payments to people whose incomes are below the level of personal exemptions and minimum standard deductions, at rates that are uniform or graduated downwards as their income approaches that level, and payments from people at graduated rates whose incomes are above that level—it has lent itself to consideration by tax scholars. Some of them are accordingly working on the technical structure of a negative income tax and its operative mechanics. Others—and this would seem the more difficult task—keeping in mind that essentially an expenditure is involved, are attempting to determine the criteria which should govern the desirability of resorting to this approach to meet the problems of poverty as compared with the more traditional income maintenance and welfare assistance approaches. As they see the research, it is not the question of whether \$X billion should be expended by the Federal Government through a negative income tax but rather whether, if the Federal Government decides to expend sums to assist the poor, should \$X billion of that total be spent through the negative income tax or through other ways. The pertinence of this aspect of the research is heightened by the fact that the House Ways and Means Committee has juris-

diction to consider both the tax system and many of the welfare programs of the Federal Government.

c. *Financing of social security and unemployment benefits—tax treatment of the aged.*—Our social security system has grown rapidly and with that growth have come higher and higher payroll taxes. The rate is now 3.85 percent each for employers and employees on wages up to \$6,600, and will be 4.85 percent by 1973. To this must be added rates of 0.35 percent now and 0.80 percent by 1987 for medicare. Furthermore, Federal tax law results in rates of 0.4 percent to 3.1 percent on employers, on wages up to \$3,000, for the unemployment tax, and an increase is presently under legislative consideration.

This rise in payroll taxes has caused some scholars to cast new glances at the financing of these programs. Little attention has been paid up to now to these payroll taxes and their economic effect. Scholars know that in immediate impact they are regressive. Yet should that regressivity be regarded as balanced by the fact that the funds so obtained are contributed to a system producing pensions for those who are taxed—to what extent can and should the incidence of tax and the incidence of benefits be related. Indeed, the labor unions supported the efforts of the Treasury and the Health, Education and Welfare Department to include tips in the wages subject to social security tax, and Congress in 1965 took this approach to tips as far as the employee's tax and social security benefits are concerned, along with the inclusion of tips in wages subject to income tax withholding. Further, scholars are aware that a tax on payrolls has some effect on productivity and employment, but precisely what effect is not clear. The war on poverty has of course stimulated some of this research since among the Federal taxes the payroll tax is the largest of those paid by the poor. The recent congressional resort to general revenue financing for half of the medicare insurance program for those over 65 and for the transitional coverage under social security of persons over 72 not presently covered, and the recommendation by the Administration that part of the cost of a proposed new program of benefits for extended unemployment be financed by general revenues, have also contributed to new interest in the question of the extent to which social security benefits, as presently constituted or if increased, should be financed from general revenues.

Related to these issues is the present system of taxing the aged under the income tax, or rather of according tax benefits to the aged. This system involves many facets—an extra \$600 personal exemption and \$100 minimum standard deduction, the exclusion from gross income of social security and railroad retirement benefits, and a retirement income credit applicable to private pensions, dividends, interest and like income but not to earned income (the credit is reduced where earned income is present). Largely these special tax provisions benefit the better-off aged. Of the estimated 18.5 million persons 65 or older, about 40 percent receive no monetary benefit at all from these provisions, since they would be nontaxable under the normal rules even if social security and railroad retirement benefits were included in gross income. Only about 20 percent of the total aged use the extra personal exemption in full, and the remaining 80 percent lose some or all of its benefit because of their otherwise low taxable incomes. As to the 60 percent who benefit in some degree from these provisions, only one-quarter of the benefit goes to the aged whose income (adjusted gross income plus their social security and railroad retirement benefits) is less than \$3,000; about one-half goes to the aged whose income is below \$5,000. Besides being complex, erratic, and to a considerable extent misdirected, these provisions involve a large sum—their total revenue cost is \$2 billion. The question that scholars must consider, in their studies regarding income maintenance plans and especially where the aged are concerned, is whether this expenditure of \$2 billion through these tax relief provisions is an efficient use of Federal funds. Granted the objective of improving the income situation of the aged, are there better ways of using these funds?

d. *The Federal tax system and State and local government—tax sharing and tax credits—also State taxation of interstate activities.*—The recent series of tax reductions at the Federal level and the attention given to the built-in large annual increase in Federal revenues that a growing economy provides have led some to consider ways whereby Federal revenue could be used to assist State and local governments in some direct, automatic way. Initially, this has led to the presentation of ideas developed earlier. One approach so suggested is that of tax sharing with the States, whereby an amount determined by a fixed percentage of the Federal individual income tax base (taxable income) would be channeled to the various States each year via prescribed distribution formulae. This approach, which is essentially a recommendation for an added expenditure by the Federal

Government, quite naturally invites comparison with the other ways whereby Federal funds are and may be directed to State and local governments or expended for activities, such as education and health, traditionally supported by those governments. Another approach, recommended by the Advisory Commission on Intergovernmental Relations, but with the Secretary of the Treasury pointedly not voting, would grant a credit against Federal income tax, in lieu of the present deduction, for State income taxes paid in an attempt to induce the State to make further use of income taxes. This approach raises issues of effectiveness—will the loss of Federal revenue through the credit achieve the intended result or simply be wasted through tax reductions accorded for the existing State taxes; and selectivity—would the public approve the singling out of one type of State tax for this preferred status.

These ideas have been considered before and generally have been found wanting. The present fiscal situation at the Federal level certainly precludes even consideration of their adoption at this time. Consequently, those scholars interested in the subject of Federal-State relations have an opportunity to reexamine the problems and issues in the tax field to see if improvements in the present patterns are desirable. One aspect is that of further coordination and cooperation in the administration of taxes imposed by both the Federal Government and the States, such as the individual income tax. The Advisory Commission on Intergovernmental Relations has recently made recommendations in this respect. Another aspect now under consideration by the Congress is that of the taxation by the States of interstate activities, through their income taxes and their sales and use taxes. This consideration involves the extent to which Federal statutory rules and Federal administration may be necessary or helpful in solving the admitted difficulties now being faced by both the States and the companies with interstate businesses.

8. User charges

A number of existing Federal excise taxes are designed as user charges for the purpose of raising funds for specific expenditure purposes. The most important example is that of the group of taxes—the gasoline tax, the taxes on truck sales, truck parts, and truck use, the tread rubber tax, and the diesel fuel tax—earmarked for the highway trust fund, totaling \$4.4 billion in fiscal 1967. Another example is the 5-percent passenger tax on aviation travel, which goes into the general revenues but is imposed to meet a part of the Federal expenditures for assistance to commercial aviation.

The President has recommended that this system of user charges be expanded, so that as far as possible the groups specifically benefited by Federal expenditures should contribute the funds for those expenditures. Thus, he has recommended increases in the highway trust fund taxes to meet increased highway costs, a temporary increase in the aviation passenger tax and a tax on aviation freight, a tax on fuels used by civilian aviation as a partial offset to expenditures for airports, navigational facilities, etc., a tax on fuel used by vessels using the inland waterways as a partial offset to expenditures for those waterways, and the transfer of 1 percentage point of the tax on passenger automobiles to the highway trust fund to meet expenditures for highway beautification and highway safety. The principle underlying these user taxes or charges seems clear enough, and indeed many in our transportation industry accept that principle, inland waterway users and partisans of general aviation apparently being the exceptions. There are, of course, within that principle, disputes as to the allocation of the benefits from the Federal expenditures and the type of user charge that is appropriate and consistent with that allocation. This user charge approach is likely to be an important factor in legislative activity in the Federal excise tax field.

CONCLUSION

This review of the principal factors causing the high level of tax activity in the past few years and likely to continue their thrust, and the discussion of the possible paths of future development, combine to underscore the wide sweep of tax policy issues. Sometimes these issues involve wholly new problems that emerge as business and social conditions change and as society's goals take new directions. Sometimes these issues relate to renewed efforts to solve problems that have proven intractable in the past, either because the previously offered solutions were not more appealing than the status quo or because political forces or lobbying pressures blocked the revisions sought. Sometimes the issues reflect the continuous task of shaping fiscal policy to economic conditions changing with the ebb and

flow of domestic economic forces or shifts in our international relationships. Moreover, the issues range over a wide scale, running from those receiving nationwide attention and debate on to those that concern a single industry or area and on down to those that may concern only a few taxpayers. Whether wide-ranging or narrow, whether new or old, whether fiscal or technical, most of the issues generally present substantive questions that are controversial and difficult of resolution and technical details that require thorough analysis and careful structuring.

The maintenance of a proper tax structure and the responsible handling of tax policy issues are thus a continuous challenge to any nation. Success in these tasks can well be a test of the successful functioning of democratic government. The United States need not yield to any country in comparisons of tax structure or tax administration. Yet it will require the cooperative efforts of all of us with professional skills related to these tasks to assist society in understanding the tax issues that it faces and in finding the solutions vital to our continued growth as a Great Society. The years ahead in this decade—and in the decades after it—will present us with the hard tasks and splendid opportunities that lie in issues of tax policy.

Exhibit 35.—Statement by Assistant Secretary of the Treasury Surray, May 16, 1966, before the Fiscal Policy Subcommittee of the Joint Economic Committee, on pension and profit-sharing plans

I am pleased to respond to your request to describe generally the tax provisions with regard to pension and profit-sharing plans. Despite public consciousness of the enormous growth and the importance of private pensions, there is relatively little knowledge and understanding of the role that tax policy plays in influencing pension growth and design. Your subcommittee is to be congratulated for bringing the workings of the private pension system to greater public knowledge.

A pension or profit-sharing plan is a part of the employment contract. Often the plan terms are negotiated in collective bargaining. Whether or not negotiated, they clearly affect the wage rate. From the employer's standpoint, this is part of the labor cost. From the standpoint of the employee, pension or profit-sharing benefits are an element in comparing total compensation between different employments.

The development of pension and profit-sharing plans has without question been aided by favorable tax treatment, which has the effect of lowering the tax liability when compensation is paid in this manner. The tax advantage given to these plans is the basis of the provisions in present law imposing certain qualifying conditions on a pension or profit-sharing plan. Since the provisions applicable to pension and profit-sharing plans are substantially similar, I shall simply refer to pension plans.

The legislative history provides ample evidence that Congress as a matter of public policy has used the tax system as a means both to encourage the growth of private pensions and to prescribe standards for equitable and sound pension design. For example:

- In 1926 the Congress decided to favor private pensions by exempting investment income of pension trusts.
- To protect the funds set aside for employees, the Congress enacted non-diversionary standards in the Revenue Act of 1938 to guarantee that funds were used for the exclusive benefit of employees and that pension trusts should be irrevocable. Prior to the 1938 act, pension trusts were established by some during periods of high corporate earnings which were ultimately revoked and the earnings recaptured by the employers during lean years.
- In 1942 the Congress enacted what are now the current standards for qualification. They are intended to protect the benefits of employees and to prevent discrimination as to coverage and benefits. These provisions were modified only in some details by the Internal Revenue Code of 1954, so that essentially our present rules are those established a quarter of a century ago.

Favorable tax treatment of the employee

Under qualified employer-financed plans, the employees are not currently taxable either on the amounts contributed by employers to the plans or on the

investment income of the pension fund. The employee's tax liability for these amounts is deferred until he retires and receives benefits from the plan, at which time his effective rates are apt to be lower.

In the case of plans to which the employee contributes, the employee may not deduct his contribution currently. The amount of the employee's contribution, however, is not taxed when he receives his pension.

If an employer-financed plan does not qualify but the employee has irrevocable rights to benefits, the tax deferral feature is not applicable; the employer's contribution is taxable to the employee as current income when he acquires a vested right to it, and his benefits are not taxable upon retirement (to the extent that they reflect a recovery of this taxpaid amount). However, if the employer's contribution is not vested in an employee, then the employer's contribution is not taxable to the employee until he actually receives the benefits, even in a nonqualified plan.

Since the employer's contributions and investment income are not taxable as current income to the employee under qualified plans, even where the pension rights are vested, tax deferral represents tax savings to employees. It creates opportunities to obtain more liberal pensions than if the employees received equivalent wages in lieu of contributions and had to finance their own pensions. The Cabinet Committee on Corporate Pension Funds measured the size of a monthly pension that \$100 of annual employer's contributions can buy under present tax treatment and compared it with a monthly pension obtained from an equivalent \$100 of annual wages which, after tax, is invested by the employee himself. The pension fund case resulted in a \$74 monthly pension as compared to a \$52 monthly pension in the case of the employee investing his wages after tax and paying tax on his investment income.

Favorable tax treatment of the employer

Under a qualified pension plan, an employer may deduct the amount of his contributions to the plan, subject to limitations on overfunding. As noted above, the investment income of the fund is tax free.

If a nonqualified plan does not have immediate full vesting, the law does not permit deductibility of current contributions. If the nonqualified plan has such vesting, then current contributions are deductible.

Through the deductibility of contributions of a qualified plan and the tax exemption of investment income, the Government is sharing pension costs with the employer. Consequently, the employer is able to provide a given level of benefits at about half the cost of a nonqualified, nonvested plan.

Total value of favored tax treatment

It has been argued at times that under the existing pension plan provisions the Federal Government really provides no tax benefit. While there are, of course, specific provisions in the tax law relating to employer pension plans, the argument is that the outcome of these provisions is substantially the same as the general principles of tax law; and, consequently, no special benefits are extended to qualified plans. The argument, stated broadly, is that a contribution to a pension plan is "of course" a cost to an employer and ought to be deducted and that a contribution on behalf of an employee to a pension plan is not income to him until he gets the money. Under these two contentions, it is argued that tax deferral would be just the normal treatment for pension plan contributions, and no special benefit would be involved.

I want to make clear that qualified pension plans do get a special tax treatment and that deferral would not automatically follow as a matter of the application of the general principles of tax law. With regard to the employer's deduction, the general rule is that an amount is deductible under the tax law when there is a fixed liability on the employer to make a fixed payment to a definite person. If the employer is on an accrual basis, he may take a deduction even though he does not have to make the payment immediately; but the liability for payment must still be fixed. With regard to an employer's contribution to a pension plan where the employee's benefits are not vested, all that is involved for the employer is the possibility that he may have to make a pension payment to some employee in the future. This possibility of future payment is not sufficient under the general principles of tax law to permit an accrual of the deduction.

With regard to the employee, it would seem clear that if the pension contribution is not vested in the employee there is no basis for taxing the employee currently at the time that the employer's contribution is made. This is the particular case

where, as I pointed out, deductibility to the employer constitutes a particular benefit granted under the present tax law.

Where the contribution by the employer is vested at the time made, or where it becomes vested at a later point before the employee receives the pension, the general principles of tax law would suggest that the employee should be taxable at that time. It is not controlling that the employee receives no cash money at that time. If I do a piece of work for you and my payment for the job is a paid-up insurance policy that will provide a life annuity beginning when I am 65 years old, I have clearly gotten something of value for this work. Under general principles of tax law, I am required to include in my income the value of the insurance policy that I have received. The special benefit provided for employees under qualified pension plans is that when they receive something of value in the form of a vested benefit to a pension the tax on this amount is deferred until they get the cash. Finally, it is clear that the investment income of a pension trust would be taxable under general principles of tax law except for the benefits extended to qualified plans.

If the total amount contributed by employers to qualified pension plans and the investment income of the funds were taxable at the corporate rate, tax liabilities would rise at current levels by about \$3.8 billion per year. If the amounts were taxable at individual rates, the revenues would rise by about \$1.4 billion a year. The appropriate rate, as I have indicated, depends on whether or not the benefits were vested. Therefore, the cost in revenue to the Federal Government because of the existing pension plan provisions falls somewhere between the two limits of \$3.8 billion and \$1.4 billion. (These estimates take into account the current tax being paid on benefits.) Since there is some degree of vesting, we may put this cost very roundly at about \$3 billion.

The annual revenue loss depends on the growth of pension reserves since this is the amount of income which has not paid tax. Pension reserves have grown by increasing amounts each year. They will continue to grow as long as the number of covered employees grow or so long as benefits grow. Considering the current rate of growth of private pension coverage, it is likely that the annual revenue loss will persist for many years and even continue to grow. Given its annual revenue requirements, the Government must seek revenues annually from other sources to make up the difference between taxes deferred on employer's contributions and investment income and taxes currently collected from the pension benefits currently paid.

The Cabinet Committee report submitted some estimates of the revenue cost of the pension provisions. We have updated these to 1966 levels, and for the information of your subcommittee, I am submitting this material for the record.

Standards for qualification

In general, for a pension fund to attain qualified status, a plan must meet several tests. Briefly, some of the major tests are:

- The plan must be permanent and must be made known to the employees.
- Moneys in the fund may not be diverted but must be used for the exclusive benefit of the employees, until all liabilities have been met.
- The plan must be "nondiscriminatory" with respect to coverage and contributions or benefits. The plan must cover either a prescribed percentage of employees or all employees in an approved classification group which does not favor stockholders, managerial, or other highly paid employees. The contributions or benefits also must not favor stockholders, managerial, or other highly paid employees.

Commissioner Sheldon Cohen is present with me to discuss the administration of these qualification requirements and other tax administrative matters.

President Johnson has often emphasized the importance of cost efficiency in Government programs. In this 1966 Economic Report, the President stated:

"Benefits that the Government extends through direct expenditures are periodically reviewed and often altered in the budget-appropriation process, but too little attention is given to reviewing particular tax benefits. These benefits, like all other activities of Government, must stand up to the tests of efficiency and fairness."

The work of the Cabinet Committee on Corporate Pensions Funds, to which Secretary Wirtz referred, represents this kind of review of tax benefits. The report has singled out a number of problem areas and has set forth suggestions which can be used as a basis for further discussion of specific revision of the present law. Broadly, the objective of the Cabinet Committee report recommendations is to extend coverage of private plans to a wider range of employees; to provide

greater assurance that a worker will get his pension benefits; to reduce impediments to a freely mobile labor force; to assure better administration of pension funds; and to eliminate particular tax preferences which do not meet the tests of efficiency and fairness.

The tax rules governing the development of private pension plans have not changed materially since 1942. Basic issues as the vesting of benefits, the funding of benefits, the portability of benefits, and the coverage of employees need to be reexamined in the light of developments since the basic rules were laid down a quarter of a century ago.

Out of this reexamination can come a highly important reevaluation of the way private pension plans should operate if they are to fulfill a major role in providing retirement security to the labor force.

*Range of estimates of net revenue loss attributable
to special treatment of private retirement plans, 1966*

[In millions]

Item	Based on individual income tax	Based on corporate income tax
Revenue gain from benefits subject to individual income tax ¹	+\$325	+\$325
Revenue loss from tax-free income of pension and annuity funds ²	-550	-1,350
Revenue loss from present tax treatment of employer's contributions ³	-1,150	-2,850
Net revenue loss.....	-1,375	-3,875

¹ Under present law, benefits are taxed to the extent they exceed the employee's contributions. Of an estimated \$3.3 billion in private pension benefits in 1966, it is estimated that 36 percent appear on non-taxable returns or are excluded as a return of contributions. The remainder would be taxed, under the Revenue Act of 1964, at a marginal rate of about 20 percent (based on the income distribution of pension and annuity income), but about one-fourth of the tax would be offset by the retirement income credit. Thus, approximately \$325 million is now obtained by taxing benefits.

² Total investment income of private pension funds and annuity plans is estimated at \$3.0 billion in calendar year 1966. This would yield tax revenue of \$550 million at individual rates and about \$1.35 billion if taxed at corporate rates.

³ At 1966 income levels, corporate contributions to private pension and profit sharing plans are estimated at about \$6.3 billion. Under the Revenue Act of 1964, the marginal rate on salaries and wages is estimated at 18.4 percent, including nontaxable returns. If corporate contributions were treated as being vested in the employees and taxed to them, their liabilities would rise by \$1.15 billion.

The marginal tax rate on corporation deductions under the 1964 act is about 45 percent. Therefore, if in lieu of employer's contributions these amounts were included in corporate profits and were made taxable to the employer, corporate tax liabilities would rise \$2.85 billion.

Exhibit 36.—Other Treasury testimony published in hearings before congressional committees, July 1, 1965—June 30, 1966

Under Secretary of the Treasury Barr

Statement on proposals relating to firearms control, published in hearings before the Committee on Ways and Means of the House of Representatives, July 12, 1965, 89th Congress, 1st session, pages 25-30.

Statement in support of the Employment Security Amendments of 1965, published in hearings before the Committee on Ways and Means of the House of Representatives, August 11, 1965, 89th Congress, 1st session, pages 261-264.

Assistant Secretary of the Treasury Surray

Statement on the pending income tax convention with Thailand, published in hearings before the Subcommittee on Tax Conventions of the Senate Committee on Foreign Relations, August 11, 1965, 89th Congress, 1st session, pages 23-51.

Statement on the protocol amending the income tax convention between the United States and the Federal Republic of Germany, published in hearings before the Subcommittee on Tax Conventions of the Senate Committee on Foreign Relations, October 13, 1965, 89th Congress, 1st session, pages 15-41.

Statement on supplementary protocol to the income tax convention between the United States and Belgium, published in hearings before the Subcommittee on Tax Conventions of the Senate Committee on Foreign Relations, October 13, 1965, 89th Congress, 1st session, pages 1-15.

Statement on H.R. 11256 and H.R. 11290, which propose a Federal Tax Lien Act of 1966, published in hearings before the Committee on Ways and Means of the House of Representatives, March 2, 1966, 89th Congress, 2d session, pages 36-59.

Tax Legislative Counsel Lawrence M. Stone

Statement on H.R. 318, relating to the point at which the excise tax on tires and tubes is to be imposed when they are sold by the manufacturers through their own retail outlets, published in hearings before the Senate Finance Committee, June 21, 1966, 89th Congress, 2d session, pages 3-5.

Gerard M. Brannon, Director, Office of Tax Analysis

Statement on the tax consequences of contributions to needy older relatives published in hearings before the Special Committee on Aging of the United States Senate, June 15, 1966, 89th Congress, 2d session, pages 3-17.

International Financial and Monetary Developments

Exhibit 37.—Excerpts from remarks by Secretary of the Treasury Fowler, July 10, 1965, before the Virginia State Bar Association

We have all heard or read a great deal in recent months about the problem this Nation faces in its balance of payments and about the need for the nations of the free world to move toward agreement on ways of assuring the financial resources needed to support increasing international trade and development.

Indeed, world financial questions have never occupied a more prominent place in public discussion than they do today. But to most Americans, I suspect, these problems still seem rather remote from their daily lives and labors, rather unrelated, even, to the other national and international events that engage so much of our interest and our concern. Nor is it unnatural that they should pale beside events such as those in Saigon or in Santo Domingo.

But we must never forget that America's ability to succeed in its difficult and demanding role as leader of the free world—that all the political, diplomatic and military resources at our command—depend upon a strong and stable American economy and a sound dollar.

We must never forget that our lives can be vitally affected, not only by the events in Saigon or Santo Domingo, but by such apparently far removed occurrences as the outflow of American gold and dollars abroad.

For the role of the dollar as the most widely used international currency is part and parcel of America's leading role in the free world, politically, economically, militarily. More than any other single factor, it is the strength and the soundness and the stability of the American dollar that serves as the essential underpinning of the entire free world monetary system through which the interdependent nations of the free world have fashioned their awesome economic accomplishments of the past several decades.

The solution of our balance-of-payments difficulties and the strengthening of the international monetary system are thus far more than merely arid economic exercises. They are crucial matters which must deeply concern—for, in a broad but very real sense, they deeply affect—not just bankers and businessmen and economists, but every American in every walk of life.

What, then, is our balance-of-payments problem? Why is it so important that we solve it?

Since 1949, the United States has had balance-of-payments deficits every year except for 1957, when our exports soared as a result of the Suez crisis. During that first postwar decade, up until 1958, those deficits were little cause for concern, for they were simply the counterpart of our effort to help rebuild a Europe

laid waste by war. Our vast outpouring of dollars was the essential source spring for replenishing the reservoir of international reserves and liquidity required by a Western Europe and a Japan whose financial, as well as physical, resources war had drastically depleted.

Under the Marshall plan and other programs, we furnished some \$30 billion in grants and loans to help put the economies of Europe back on their feet again. With the recovery of Europe, we turned more and more of our dollars toward aiding the underdeveloped countries of the world. We also sent dollars abroad to support large military forces and furnish military aid essential for the defense of the free world.

These measures were eminently successful. By the midfifties the economies of Europe and Japan were strong and growing, controls and restrictions on trade and payments were being progressively dismantled, and in 1958 external convertibility of the leading European currencies was restored.

But this progress was accompanied by other developments that led to U.S. balance-of-payments deficits far larger than Europe required and than we could live with indefinitely. Rising prices in this country had weakened our competitive position at a time when Europe and Japan had once again become a formidable competitive force in world markets. At the same time, the strength of Europe's economic resurgence and its new-won financial stability began to attract growing amounts of American capital abroad.

Thus, beginning in 1958, things changed, and more swiftly perhaps than most people realized. The "dollar shortage" which Europe had suffered in the early postwar years was fast disappearing.

During the 7 years, 1950-57, our deficits averaged only \$1.5 billion a year; and at the end of that period our gold stock amounted to about \$22 billion, or more than a third larger than the total volume of dollars held by all foreigners.

Yet over the next 3 years, 1958-59-60, our balance-of-payments deficits averaged almost \$4 billion a year. Other countries found their dollar holdings growing more rapidly than they wished, and our gold began flowing abroad in much greater volume, roughly \$5 billion in 3 years.

That was the situation that confronted us in early 1961, when we launched a strong and sustained effort to move our international payments into balance once more.

Over a period of 4 years, 1961-64, we achieved substantial improvements in many separate accounts entering into our balance of payments, including:

- a \$900 million gain in our commercial trade surplus, those not financed by Government, making it a record \$3.7 billion in 1964;
- a \$400 million cut in the dollar outflow as a result of foreign aid;
- a cut of nearly \$700 million in net military dollar outlays despite rising costs abroad;
- a \$1.6 billion rise in our earnings from past private foreign investments.

Simply as a matter of arithmetic, those gains were enough, all else being equal, to have given us virtual balance in our payments last year. But all other things were not equal. Instead of approaching the vanishing point, with the \$3.9 billion deficit of 1960 being absorbed by these gains in particular sectors of our payments totaling \$3.6 billion, our deficit in 1964 was in fact reduced by a net total of only \$800 million to \$3.1 billion.

We incurred that deficit—despite 4 years of real and lasting progress—primarily because of a drastic deterioration in the one major area of our balance of payments which our programs had not yet effectively reached in a comprehensive way, the area of private foreign investment outflows.

In 1964, the outflow of private capital abroad reached the \$6½ billion mark, more than twice the size of the deficit and up over \$2 billion from 1963 and over \$2½ billion from 1960. That outflow reflected a variety of causes, including the drive by American business to stake out a claim in the rapidly growing and seemingly highly profitable European markets. But, to a very large degree, the accelerating outflow had its source in the marked disparity that had long existed between European capital markets and our own, a disparity in size and scope and facilities that led borrowers in other countries to tap our market for a large share of their capital requirements. The United States had often enough called attention to this disparity and urged its European friends to expand and improve their markets. But their progress in that endeavor had simply not been large and rapid enough, and we had passed the point where we could sustain the huge drain of capital which that disparity entailed.

We had to act. We had not only to intensify the efforts already underway in other sectors of our balance of payments, but to extend those efforts to include comprehensive curbs upon private capital outflows. It had become abundantly clear that to restore balance to our payments once more we had to attack our deficit on all major fronts simultaneously. President Johnson launched such an attack with his February 10 message to Congress on the balance of payments. The heart of that message was the call to arms of America's businesses and banks: the call to join voluntarily in a national effort to curb the outflow of dollars abroad, while preexisting programs were intensified.

That call has been heard and heeded. After a bad start in January, our balance of payments improved in February following the President's message and showed a surplus in March, in April, and in May.

Thus we are off to a good beginning, but—let there be no mistake—it is no more than a beginning. Let no one think that a few months of apparent surplus—a surplus purchased only through extraordinary and temporary measures—can suffice.

The likelihood of a surplus in the second quarter of this year does tell us that we are moving in the right direction: that our current measures can turn our deficit into a surplus. But the big job, the job that remains, is for us to demonstrate that we can sustain equilibrium through these measures, as well as the longer term measures inaugurated since 1961. We must maintain those extraordinary measures in full force until rising returns from past private investment abroad, our improved climate for domestic employment of capital, enlarged availability of capital in markets abroad, and growth in our trade balance—which requires that we maintain our excellent record of price stability—place our accounts securely in equilibrium.

It is imperative not simply to reach balance in our payments for a quarter or two, or even for a year, but to sustain equilibrium over time. The reasons are clear. Our 14 years of deficits have resulted in a large outflow of dollars to the rest of the world. Because there is worldwide confidence in the stability of those dollars and because they are convertible into gold at the fixed price of \$35 an ounce, those dollars are widely used to finance international transactions, and other countries hold them alongside gold in their official reserves.

Today, those dollars, some \$27 billion, account for a major share of the international liquidity that sustains the growing free world economy. Some \$12 billion of those dollars are in official reserves, while the remainder serve to support growing world trade and investment. Thus, it is essential to the viability of the international monetary system as it exists today that the usefulness and value of those dollars remain unquestioned throughout the world. And, whatever changes might be introduced into that system, the dollar will have to continue to carry a heavy burden as a reserve currency.

If we allowed our deficits to continue, or if we lapsed back into prolonged deficit after a brief period of surplus, we would undermine world confidence in the dollar and impair its usefulness as a world reserve and leading currency. Dollars would return to our shores as claims on our gold, thus depleting instead of supplementing world financial resources. To prevent such a contraction in world liquidity and the widening circles of deflation and restriction that would surely follow, we must reach and maintain equilibrium in our payments as a matter of the highest national priority, along with sustaining the economic advance that has marked the last 53 months.

The paradox is, therefore, that the very increase in official foreign dollar holdings that has fueled so much of the growth in world liquidity in the past—and has thus helped support the growth in world trade—can no longer be allowed to continue if current international liquidity is to be protected. Yet without additions to the reserve dollars that our deficits have so long supplied, the world will need a new and assured source of growing liquidity to support increasing world trade and investment.

This, in a nutshell, is what the issue of world monetary reform is all about. It is to assure ample world liquidity for the years ahead that the United States, in cooperation with other leading financial powers, is seeking workable ways of strengthening and improving international financial arrangements.

For several years now the essential laying of the technical groundwork has been underway as the United States has joined with other major countries in comprehensive studies of the international monetary system: its recent evolu-

tion, its present effectiveness, and its future. An early conclusion was that there are two elements in international liquidity; on the one hand the more conventional reserves of gold and reserve currencies and on the other hand the ready availability of credit facilities for countries in need of temporary assistance.

As long ago as 1961 the 10 major industrial nations, now known as the Group of Ten, negotiated with the International Monetary Fund a so-called General Arrangements to Borrow whereby the 10 nations agreed to lend to the IMF up to \$6 billion should this be necessary "to forestall or cope with an impairment of the international monetary system." That arrangement was activated last December and again this May in order to provide a part of a \$2.4 billion drawings from the IMF on the part of the United Kingdom.

On the credit side, also, the members of the International Monetary Fund have now agreed to support a 25-percent general increase in IMF quotas. This 25-percent increase, plus special increases for some 16 countries, will raise total aggregate quotas from \$15 billion to around \$21 billion. The Congress last month approved a \$1,035 million increase in the U.S. quota.

Meanwhile, the Group of Ten and the International Monetary Fund have been continuing their studies of the future course of world liquidity. Deputies of the Group submitted a comprehensive report on the problems involved last August. In their Ministerial Statement¹ last August, the Group of Ten stated that while supplies of gold and reserve currencies are fully adequate for the present and are likely to be for the immediate future, the continuing growth of world trade and payments is likely to require larger international liquidity. While they said that this need might be met by an expansion of credit facilities, they added that it may possibly call for some new form of reserve asset.

A study group was set up "to examine various proposals regarding the creation of reserve assets either through the IMF or otherwise." The efforts of that group have culminated in the so-called Ossola Report, submitted to the Deputies of the Group of Ten on June 1 of this year, which exhaustively examines, with all their promises and pitfalls, the possible paths to the creation of reserve assets.

Now for the first time in 4 years we are confronted by the happy concurrence of three crucial facts:

(1) The U.S. balance of payments is approaching an equilibrium and the executive branch, the Congress, and the private sector, including industry, banking, and labor, have mounted a program that makes unmistakably manifest our determination to keep it that way.

(2) Evidence is accumulating of a rising tide of opinion in many knowledgeable and influential quarters in the free world, private and public, that our international monetary arrangements can and should be substantially improved, building on the basis of the International Monetary Fund and the network of more informal international monetary cooperation that has marked recent years.

(3) The completion of technical studies necessary to give a thorough understanding of the problem and various alternative approaches to solution on the part of those at the highest levels of Government who must ultimately make these decisions.

We have now reached the moment which President Johnson had in mind when in speaking of new international monetary steps he said:

"We must press forward with our studies and beyond, to action—evolving arrangements which will continue to meet the needs of a fast growing world economy. Unless we can make timely progress, international monetary difficulties will exercise a stubborn and increasingly frustrating drag on our policies for prosperity and progress at home and throughout the world."

In taking office, I described this as "the major task facing our Treasury and the financial authorities of the rest of the free world in the next few years."

In recent weeks we have moved beyond the plane of hope and technical studies toward the prospect of more conclusive negotiations from which alone solution can emerge. I met last week with the British Chancellor of the Exchequer James Callaghan and we exchanged preliminary and tentative views on the subject of international liquidity.

Next week I hope to have the pleasure of informal discussions with the Japanese Minister of Finance, Takeo Fukuda, in connection with the Joint Cabinet sessions of the United States-Japan Committee on Trade and Economic Affairs.

¹ See 1964 annual report, exhibit 49.

Both before and after the scheduled meeting of the International Monetary Fund and World Bank in late September, I expect to visit ranking financial officials of other Group of Ten countries, to ascertain firsthand their views on the most practical and promising ways of furthering progress toward improved international monetary arrangements. We must not only be prepared to advance our own proposals, but to carefully consider and fairly weigh the merits of other proposals. As Congressman Robert Ellsworth of Kansas in discussing this subject recently remarked:

"We must appreciate that if we wish a strong Europe it must be a Europe strong enough to look upon an American proposal as merely one among many possible solutions—all of which will be reviewed together. If we wish their partnership, we must treat them as partners."

Already your Government is engaged in an intensive internal preparation for these bilateral meetings and multilateral negotiations that should follow. In addition, so that the Government may have the benefit of some of the expertise and experience outside the Government in this highly technical area, President Johnson has accepted my recommendation and announced creation of an Advisory Committee on International Monetary Arrangements which includes as its Chairman the former Secretary of the Treasury, Douglas Dillon, and a distinguished group of experts including Robert Roosa, former Under Secretary of the Treasury for Monetary Affairs; Kermit Gordon, former Director of the Bureau of the Budget; Edward Bernstein, economic consultant specializing in international monetary policy; Andre Meyer, of the investment banking firm of Lazard Freres; David Rockefeller, president of the Chase Manhattan Bank, and Charles Kindleberger, professor of economics at Massachusetts Institute of Technology.

With their help and that of many others who will be consulted including, particularly, many well-informed members of the appropriate committees of Congress, we shall constantly seek a comprehensive U.S. position and negotiating strategy designed to achieve substantial improvement in international monetary arrangements thoroughly compatible with our national interests. In the various proposals which have and will be made we must determine those which will be acceptable to the United States, those which are entirely unacceptable, and those which may well be appropriate for negotiation.

There will be an initial meeting of the Advisory Committee on International Arrangements on July 16. Hearings are planned before the International Finance Subcommittee of the House Banking and Currency Committee under the chairmanship of Congressman Henry Reuss of Wisconsin to obtain various private and organizational points of view. These hearings and the reports of the Committee will be of great value, together with those of the Joint Economic Committee of Congress and the International Finance Subcommittee of the Senate Banking and Currency Committee under the chairmanship of Senator Edmund Muskie of Maine.

I am privileged to tell you this evening that the President has authorized me to announce that the United States now stands prepared to attend and participate in an international monetary conference that would consider what steps we might jointly take to secure substantial improvements in international monetary arrangements. Needless to say, if such a conference is to lead to a fruitful and creative resolution of some of the free world's monetary problems, it must be preceded by careful preparation and international consultation.

To meet and not succeed would be worse than not meeting at all. Before any conference takes place, there should be a reasonable certainty of measurable progress through prior agreement on basic points.

Our suggestion is that the work of preparation be undertaken by a preparatory committee which could be given its terms of reference at the time of the annual meeting of the International Monetary Fund this September.

The United States is not wedded to this procedure nor to any rigid timetable. I shall exchange views with my colleagues in Europe and elsewhere, as well as with the senior officials of the International Monetary Fund, on how best to proceed. The point I wish to emphasize here is that the United States is determined to move ahead—carefully, deliberately—but without delay. Not to act when the time is ripe can be as unwise as to act too soon or too hastily.

We are, therefore, moving ahead and we are making progress. But we must be aware that the issues involved are complex, and they raise basic questions

of national interest. It is not, therefore, easy to arrive at the degree of international consensus we must have for any workable reform of the international monetary system. We can expect no overnight solutions, but only patient exploration of the alternatives with our trading partners in a spirit of mutual cooperation. This is the course we are now pursuing.

As we move ahead, we will do well to remember that the existing international financial system has successfully financed an unparalleled expansion in world trade and payments. We have also done much in recent years to strengthen that system. The need now is not to start all over again, to move in a completely new direction. Rather, we must move once more to strengthen and improve the existing arrangements.

And while we proceed solidly and surely toward international agreement on the problems of world liquidity, we in this country must keep ever before us the present and pressing need to protect the existing international payments system by maintaining a strong, sound, and stable dollar. First things must come first. We are bringing our own payments into equilibrium and we must keep them in equilibrium. By resolutely shouldering that responsibility we will preserve the foundation upon which must rest all efforts to assure free world growth in the years ahead: the monetary system that has served the free world so well in the past.

Exhibit 38.—Statement by Secretary of the Treasury Fowler, August 18, 1965, before the Subcommittee on International Finance of the Senate Banking and Currency Committee, on the U.S. balance of payments

I. Introduction and Summary

I appreciate the opportunity to consider with this distinguished committee the international financial position of the United States.

Since the crisis affecting the British pound last fall, the return to a very heavy rate of deficit in U.S. payments in late 1964 and early 1965, and the inception of President Johnson's balance-of-payments program last February, there has been increased interest in, and discussion of, international financial developments. These hearings are a valuable part of the national and international discussion of issues and exchange of opinions now going on in the search for means to improve the workings of the international monetary system.

The international financial position of the United States is one of the important elements of this problem. The principal aim of my testimony to you today is to place that element of the problem in perspective, because a lack of perspective has characterized much recent comment. I shall try to do so by discussions of the following topics, arriving at conclusions which I have summarized below the topic headings:

The workings of the U.S. balance-of-payments program, and what can prudently be concluded about results thus far

The results are good, and encouraging. We achieved a small surplus in our payments in the second quarter of this year. But the period of surplus is too short, and too many special factors contributed to it to justify more than the conclusion that there is every reason to think we are on the right track, but that continued efforts on all fronts will be essential to yield sustained success.

The relationship of the U.S. balance-of-payments program to world liquidity and to the economies of other countries

There is no evidence that the efforts of the United States to bring about an equilibrium in its transactions with the rest of the world, after many years of deficits, is having harmful effects on world trade or liquidity; *on the contrary*, any tendency of the economies of our trading partners to slow down is due to the conscious decision of their own financial and monetary authorities to avoid or diminish inflationary pressures by domestic restraints, and finally, by protecting the stability of the dollar as the principal world reserve currency, our balance-of-payments program—far from reducing liquidity—is a principal element in preserving existing liquidity. The benefits to the United States, and to every other national economy of maintaining confidence in the dollar are so great as to make confidence in the dollar the goal of highest priority, and equilibrium in our balance of payments is essential to that confidence.

The objectives of the United States in the development of an improved and strengthened world international finance system

It is our objective to maintain the liquidity in the free world monetary system provided by \$27 billion in the official reserves and private holdings of foreigners, supported by the strength of the U.S. economy and secured by healthy economic growth at home and equilibrium in our payments abroad. At the same time, we seek in cooperation with other friendly nations to find the means to insure against any future shortfall in the world's money supply, hitherto provided by our deficits.

Let me add, before I proceed to these topics, two comments that are indispensable, but often overlooked, background to all other elements of our discussion. These are, the great underlying strength of the dollar, and, the scope and character of the U.S. approach to the solution of its balance-of-payments problem.

Basic strength of the dollar.—Our balance-of-payments difficulties are a curable ailment of a very sound economic body. The U.S. economy and its agent, the dollar, are overwhelmingly strong, at home and abroad. We have in this strength the means to cure the ailment without harm to ourselves and others. But since it is so easy to lose sight of this basic strength in discussion of the balance-of-payments problem, let me go over the principal facts.

Our productive output is enormous and growing, and our foreign trade surplus is far larger than that of any other country. Our international competitive position is benefitting from sustained cost and price stability relative to other countries. This productive potential and price stability make the dollar the strongest, and the most widely used, currency in the world; it is the only currency freely convertible into gold by foreign governments and central banks. The dollar is backed by the world's largest reserves of gold and is also backed by a large and growing excess of our total assets and claims abroad over our liabilities of all kinds to foreigners. Our official and private holdings of investment assets and other claims on foreigners totaled roughly \$100 billion at the end of 1964, exceeding the total of foreign claims on us by some \$40 billion. Our private international assets, which exclude all U.S. Government claims on foreigners, exceeded foreign claims on the United States by almost \$20 billion, compared to \$9 billion at the end of 1961.

The scope and character of the U.S. program.—The great fundamental strength of the dollar allows the United States to approach its balance-of-payments problem in a manner that is at the same time measured and determined. It is measured, because we recognize the damage that could be done by hasty and ill-conceived action to shut off the flow of capital and trade to the weaker countries, to straitjacket the dollar in tight controls, or to impair the growth of our own economy. It is determined because we recognize that the strength of the dollar could be eroded away, and with it the underpinnings of the monetary system that has served us so well and upon which we must build in the future.

Our effort is consequently a broad one. It involves many interrelated programs which, in turn, require participation and support by many departments and agencies of Government, and the understanding and cooperation of business, labor, and finance.

The role of Congress in this broad ranging effort has been and remains a significant one.

Legislation tightening the exemption from duty enjoyed by returning residents has become law. The bill providing an exemption from the antitrust laws to the bankers who have been cooperating so effectively with us in the voluntary program has passed both Houses. The proposal to extend the scope and duration of the interest equalization tax has been favorably acted upon by the House of Representatives and Senate action is pending. Hearings have been held by the House Ways and Means Committee on the bill designed to remove certain tax obstacles to foreign portfolio investment in the United States.

The voluntary programs that Secretary Connor and Governor Robertson have described before this committee and the legislative action which you have been taking in this session are important links in the chain of defenses we are building for the dollar. While I will not discuss them in detail today, it is important to remember that there are other links as well. In outlining the 10-point program on February 10, the President emphasized that we must continue to minimize the foreign exchange costs of our defense and aid programs; narrow our tourist gap by encouraging our friends from abroad as well as our citizens to see the

U.S.A.; and, to redouble our efforts to promote exports and thus earn more trade dollars.

Within the executive branch, our balance-of-payments program is fully coordinated at the Cabinet level. Our formal channel and organized forum for doing this is the Cabinet Committee on Balance of Payments, under my chairmanship, which includes as regular members: Secretary of Defense McNamara, Secretary of Commerce Connor, Under Secretary of State Ball, Administrator of AID Bell, Special Representative for Trade Negotiations Herter, Budget Director Schultz, Council of Economic Advisers Chairman Ackley, and Mr. Bundy, the White House.

Both Chairman Martin of the Federal Reserve Board and the Export Expansion Coordinator, Mr. Goldy, have participated actively and frequently in the Committee's work. The heads of other departments and agencies concerned with particular subjects which may come before the Committee are included, as appropriate.

This Committee meets at frequent intervals, providing us at the Cabinet level with an opportunity for full discussion of what has been attempted and achieved, as well as an opportunity to thrash out any differences we may have. The Committee reviews the program in overall terms, and it appraises the program from both the short and the longer term outlook. It examines the problem and the program in the light of world developments and needs as well as in the light of our own objectives. From time to time it reports to the President on these matters.

The work of this Cabinet-level Committee is supported—and its coordinating role in carrying out our overall payments program is further extended and supplemented—by an Executive Committee of the same agencies, meeting at the Assistant Secretary level.

II. Assessment of the U.S. balance-of-payments program

As figures for the balance of our international payments for both the first and the second quarter of this year have appeared since my predecessor testified before this committee last March, I will review these developments very briefly.

The first half of 1965.—In the first quarter of this year we had a deficit on a regular transactions basis of \$756 million, after adjustment for seasonal factors. In part, this deficit resulted from a sharp reduction in our earnings from trade due to a dock workers strike extending from mid-January through late February. This work stoppage cut our exports much more than our imports. In part also, the first-quarter result was influenced by an exceptionally large outflow of funds from banks and others in the early weeks of the year. Large as the deficit was in the first quarter of 1965, however, it was sharply below the deficit in the final quarter of 1964. As the first quarter ended signs were beginning to appear that the new program was taking hold.

In the second quarter, according to the preliminary figures that have just become available, we had a surplus amounting to some \$132 million, on a regular transactions basis.

Among the scarce supporting data for the second quarter are figures on the flow of bank credit abroad. In the first quarter there was an outflow of \$438 million from banks. In the second quarter there was a net inflow of dollars to the United States amounting to \$368 million. These numbers can be taken as a good measure of the key role of changes in bank credits to foreigners in our recent balance-of-payments results.

We do not yet have similar data on the flow of direct investment funds, remittances of foreign investment income, and the like, needed to assess the contribution of nonfinancial business firms participating in the President's program for voluntary restraint of dollar flows abroad. Such incomplete data as we have, indicate, however, that in the second quarter business firms have continued the repatriation of deposits and of other short-term funds held abroad that began in February and March.

New foreign security issues were somewhat larger in the second quarter than the first—largely reflecting heavy borrowing by Canada in our market—bringing the first-half total of such issues roughly in line with 1964 levels. Transactions in outstanding foreign securities continued in this quarter—as they have ever since the announcement of the interest equalization tax in mid-1963—to show a moderate capital reflow, through net liquidation of such holdings by Americans.

We know too from data now available that the resumption of exports following the end of the dock strike in February also contributed to the improvement of our balance of payments in the second quarter.

I would add that, in reviewing these second-quarter results, it is equally important to keep our continued gold losses in mind. While the outflow of gold slowed somewhat, the plain fact is that official foreign holders of dollars during the second quarter preferred to cash in for gold some 300 million of those dollars, dollars that can be invested to earn 4 percent or more. The effect was to diminish both our reserves and free world liquidity in the same amount. This flow of gold to central banks does not include some \$259 million of gold payments to the International Monetary Fund to cover our increased quota in IMF.

Special factors that must be taken into account.—Scarcely one of these results for the first and the second quarters of this year can be accepted at face value in assessing the results of our balance-of-payments program thus far.

First of all, the time period is short: we have reports for only four full months—March, April, May, and June—affected by the President's balance-of-payments program announced February 10. This is simply too short a period on which to rest much analytical weight.

Second, the surplus we can report, for the second quarter, is very thin, only \$132 million. In a calculus involving \$80 billion in transactions in a single year, and in a situation in which we have had deficits in every one of the 28 quarters of the past 7 years, averaging almost \$900 million per quarter, we could not take a surplus of this size, in one quarter only—even if its significance was not obscured by factors special to the quarter—as being more than an encouraging invitation to press on with our efforts.

The facts, however, are that the second-quarter success is *exceptionally* qualified by obscuring special factors. Some are temporary influences. These include the distorting effects upon trade of the dock strike in the first quarter, which shifted something like a net \$300 million of exports that otherwise would have been registered earlier into the accounts for the second 3 months of the year. Similarly, some part of the outflow of long-term bank loans and of corporate deposits of liquid funds abroad immediately preceding the President's program presumably would otherwise have been made in the second quarter. This development thus made the first-quarter deficit larger while it fortuitously improved second-quarter performance.

It should also be borne in mind that a part of that improvement in our payments situation which is attributable to the cooperative effort of our banks and business firms has been of a one-time, nonrecurrent character.

Thus, the reflow in bank credit that I discussed earlier is not likely to be repeated, at least to the same extent, for there is now room under the Federal Reserve Guidelines for a modest increase in credit to foreigners.

Available evidence also indicates that the quickest and largest effect so far of the guidelines suggested to business firms by the Commerce Department has been the substantial return to this country of liquid balances held in foreign banks and money markets in excess of necessary operating requirements. It seems only prudent to assume that the great bulk of the balance-of-payments benefits to be expected from this particular aspect of the voluntary cooperation program has also already been achieved.

Taking account of these temporary distortions, it might very well be more accurate, and more prudent, to measure the extent of our apparent progress so far on the basis of our payments position during the first half of this year as a whole. We have a first-half deficit at an annual rate of \$1.2 billion. While this is indeed a very considerable improvement, it nevertheless leaves us still far to go before we can be confident that we are approaching conditions in which we could look ahead to sustained equilibrium in our international payments.

Looking ahead.—This analysis of the factors at work in the first two quarters of the year gives no assurance that we will not be in deficit in the second half of the year.

Further, there are other influences that will count against us in the rest of the year. Record numbers of American tourists are now spending large amounts of dollars abroad.

In the Government area, the step-up in our participation in Vietnam will inevitably result in some balance-of-payments cost, although that cost need not be

so large as to throw us off course. And our imports have been rising rapidly while our exports over the first half, as a whole, have failed to keep pace.

Taking all of this together, it is patent that we could not afford at this time to relax any feature of our program for overcoming our balance-of-payments problem.

Let me note in concluding this review that the results are not significantly changed whether they are viewed on the regular transactions basis which I have used and will use in the remainder of my remarks, or whether we view them on the official settlements basis recommended by the Review Committee for Balance of Payments Statistics led by Dr. Edward Bernstein.

On the official settlements basis the first quarter would show a seasonally adjusted net deficit of approximately \$750 million. In the second quarter there would continue to be a small surplus, of about \$230 million. The spread is not larger, contrasting to quite large differences in the past, particularly in the second half of 1964, because private dollar holdings abroad that normally account for the largest difference between the two measures have in recent months shown no change or a moderate decline, after seasonal adjustment.

III. The U.S. balance-of-payments program and the adequacy of world liquidity

I address myself here to three widely divergent views about the future of the dollar:

First, that the United States might fail to solve its balance-of-payments problem, continue to run large deficits, eventually exhaust the world's confidence in the dollar and create a confidence crisis that would lead to a run on gold, deplete our gold stock, and dry up existing liquidity.

Second, that even the tentative and partial success the United States is having in bringing its international payments into equilibrium, and similar further progress, is capable of putting a restraining hand on economic growth and of setting off a world deflationary spiral.

Third, that following upon sustained U.S. success in righting its payments position, the world money supply will become inadequate to the conduct of the world's business, leading to retardation of economic growth and world depression.

Clearly, all three of these views cannot be correct. The truth is that the first two are extreme and overdrawn, and diametrically opposed. The third may be realistic with respect to some time in the future, and I will discuss in the concluding section of this testimony the steps we are taking to address our international monetary policy to this possibility.

Let me examine a few of the basic facts bearing on these issues.

The only fact or set of facts relevant to the first speculation—what would follow if the United States failed to maintain confidence in the dollar by failing to bring its international payments into equilibrium—is that our program for balancing our payments is one of the U.S. Government's most firmly held, extensive, and active policies, for which the President of the United States has obtained the vigorous support of the Nation's business and financial community, and to the successful accomplishment of which the entire relevant apparatus of the U.S. Government is directed. As has been previously stated, we have good news from this front, indicating that we are on the right track. We are not going to get off it, any more than we are going to be deluded by preliminary and tentative gains into thinking the battle has been won. And, finally, not only are we determined to restore and sustain equilibrium, we have the advantage of enormous underlying economic strength to help us do so.

Let me turn to the facts bearing upon the second, and even, in most respects, the third, of the above speculations.

First is the fact that the demand for liquidity takes many forms satisfied in many different ways, according, to cite a few cases, to whether official or private funds are concerned, whether funds are needed to finance deficits in international payments, or whether funds are needed to transact international trade, or to finance domestic growth. Omnibus statements that world liquidity will become inadequate have little meaning in the face of this variety of needs and the variety of ways in which they can be met.

Next come the facts about what is currently happening to the supply of funds in the world. In the first 6 months of this year official reserves declined very slightly: by some \$300 million, or by about half of 1 percent. What needs to

be emphasized here is the fact that this did not result from the U.S. balance-of-payments program. It resulted, instead and quite on the contrary, from the snuffing out of part of the world's money supply through the exchange of monetary reserves, chiefly dollars, for U.S. gold, by other countries.

The further fact about this small drop in world liquidity is that it is the net of a process, again involving gold transactions, through which U.S. liquidity was reduced by some \$900 million while funds available to other countries rose by \$600 million. Very clearly, the current success of the United States in dealing with its balance-of-payments problem is not causing world liquidity to decline.

And—let me give this strong emphasis—what these figures bring out most sharply is the fact that failure by the United States to dry up its international deficits would be almost certain to lead to a serious drop in international liquidity, because loss of confidence in the dollar would accelerate conversions of dollars into gold at the expense initially of our own reserves, but subsequently at the expense of every country with a stake in effective monetary arrangements. We can, and I think we should, state this otherwise and positively: the U.S. program for bringing its international payments into equilibrium is the best guarantee the world has of continued adequate liquidity. Failure to take this course to protect the world's principal reserve currency would be the quickest route to a depleted world supply of funds, and to economic contraction.

Let us look briefly at an indicator of liquidity, the supply of and demand for Euro-dollars, dollars that are in use in foreign countries. The interest rates that must be paid to borrow Euro-dollars give us a reasonably good picture of the relation of supply to demand. On three occasions since President Johnson's balance-of-payments program was announced last February, the Euro-dollar rate has turned up. But these were only passing flurries. Today, the Euro-dollar rates are just slightly above the levels of last January and February.

Our program has no doubt resulted in the repatriation of substantial amounts of dollars from the Euro-dollar pool by U.S. firms. But Canadian and United Kingdom banks have apparently almost completely refilled the pool by withdrawals of funds from U.S. banks. The very small net effect upon the United Kingdom and Canada appears to have been mostly offset by some increased flow of dollars to them from the continental European countries.

Finally, what, if anything, has been the impact in international trade? Here too we are dealing with an indicator: A substantial drop in trade can be taken as an indication of trouble in the international financial picture. The evidence to hand is skimpy, but what we have fits the rest of the picture—a world with adequate funds to do its business.

Some individual country considerations.—Some concern has been expressed that our program generally might adversely affect liquidity in the international payments system, tend to impede the growth of economies abroad, and restrain the desirable expansion of international trade. Moreover, it is sometimes suggested that the program has seriously aggravated more directly the economic positions of some countries, particularly the United Kingdom, Canada, and Japan. Such concerns do not seem to me justified by the facts.

In most of the industrial countries—more particularly those in Western Europe—economic expansion continues and the pressure of internal demand remains strong. These governments, relying on restrictive monetary policies to avoid inflation, have welcomed our balance-of-payments measures for the support given to domestic restraints abroad. To illustrate the scope of their efforts, I am making available to the committee a country-by-country survey of the restrictive internal measures that have been taken by foreign governments and central banks during the last 18-month period. With respect to these countries—broadly characterized by strong reserve positions and brisk domestic economic activity amidst varying degrees of inflationary pressure—there is no basis for any conclusion except that the tools and resources are at hand to strengthen domestic demand, when and if they consider it appropriate to do so.

With respect to three countries which have, to greater or lesser degree, been experiencing balance-of-payments problems, some additional comments are perhaps appropriate. I refer, of course, to Canada, Japan, and the United Kingdom. We have sought in our program—and I believe successfully—to avoid aggravating the problem of those countries.

Canada.—Canada's economic growth in the last few years has paralleled ours. It has been impressive. Canada is now operating at high levels of employment and output.

As I have noted earlier, our voluntary program has resulted in a very substantial repatriation of U.S. corporate deposits in Canadian banks, but these withdrawals of dollars from Canada have been met in substantial part by withdrawals by the Canadian banks of dollars invested in the New York money market and in part by dollars obtained from third countries. There is no evidence that our program has hampered Canadian growth by starving it for credit, nor have Canada's official reserves been reduced, even in the face of rapid growth. Indeed, Canadian official reserves dropped only minimally the first half of this year, a period of normal seasonal losses of significant amount. Canada has of course an exemption under the interest equalization tax for new security issues, and it has used this exemption freely to maintain its reserves. In the first 6 months of this year new Canadian issues in the United States have amounted to \$325 million.

The recent large sale of Canadian wheat to the Russians should have a substantial favorable impact on Canada's trade balance, and thus mitigate its need to raise long-term capital in the United States. In any event, the promising outlook in Canada does not appear in any way to be prejudiced by our program.

Japan.—Industrial production in Japan tended to flatten out about the turn of the year, before the U.S. balance-of-payments program was announced. Even earlier, there was a downturn in the Japanese stock market, and this preceded by some months the announcement of the U.S. interest equalization tax. The fact is that Japan, over recent years, has had very rapid rates of growth, running well over 10 percent annually. Some adjustments were inevitable in the process of tailoring the economy to rates of growth more sustainable for the longer run future. A major portion of this adjustment appears to have been accomplished and economic activity at a faster pace may now well be in the offing. This is in part being facilitated by moves toward a relatively easier monetary policy gradually adopted over recent months, as the Japanese balance of payments showed very substantial improvement as exports moved sharply higher. For this year, a substantial surplus on goods and services transactions is expected.

When the interest equalization tax was applied to bank lending as a part of our program, a limited exemption from it was granted for government or government-guaranteed borrowings in our market. This gave added assurance that Japan's needs for external capital would be met. The subsequent record shows that Japan's reserves have not deteriorated, and much of the tax-free borrowing authority even now remains unused. With Japan's internal economy seemingly generating renewed strength and its external position very promising, an improved situation exists unimpaired by our balance-of-payments program.

The United Kingdom.—The problem of correcting a serious balance-of-payments deficit faced Britain long before the announcement of our program. A sharp increase in imports in 1964 in an economy characterized by brisk employment and inflationary stresses required the adoption of measures to stem the resulting pressures on the pound sterling. Very simply, Britain could not sustain for long a balance-of-payments deficit of the magnitude of over \$2 billion incurred in 1964, nor could it afford a continuation of the inflationary pressures adversely affecting its competitive position.

Measures to correct the situation were introduced last November prior to our program and have since been successively reinforced by the British Government, most recently on July 27. The measures taken show clear promise of moving toward achievement of the necessary correction.

The essential point is that these measures were necessary before our program was announced; it is worth noting that the severe pressures on sterling last November came at a time when we were incurring a massive quarterly deficit. So far as we can determine, our program has not in any significant way aggravated the basic adjustment problem facing the British authorities.

We were aware of the possibility of some adverse side effects resulting from our program. For this reason, in administering our voluntary restraint program, we have called attention to the balance-of-payments problem facing the United Kingdom and we have urged that appropriate consideration be given. We feel that this has been done, and will continue to be done.

Summary.—What emerges from this review is that the swing from the very substantial U.S. deficits late in 1964 and in early 1965 to the modest surplus of

the second quarter—about as rapid a transition from dollar outflow to dollar repatriation as we are likely to have—has not damaged the economies of the advanced industrialized nations or dimmed the prospect for flourishing world trade.

One of the most reasonable appraisals of recent events has come from the Bank for International Settlements. The BIS stated in its latest annual report, released in Basle on June 14:

"For the western industrial countries the main economic problems with which policy had to contend during the past year were the curbing of inflationary pressures in the continental countries, the currency crisis in the United Kingdom and the large increase of capital exports in the United States. In all these respects the situation at present is better than it was six months ago, though it is not yet clear that the difficulties have been fully overcome."

The developing countries.—We, of course, have a strong interest in seeing that conditions continue to exist in which the less-developed countries will be able to obtain the capital they need for their continued expansion. The policies the United States is following at present contribute to that end. I need not repeat the facts cited by Secretary Connor and Governor Robertson. Under our balance-of-payments program, direct investment in the less-developed countries is in no way discouraged. As for other capital flows, clear priority is assigned to meeting the needs of these countries, a priority second only to that of providing financing for our exports. These guidelines have been observed. For example, we know that bank commitments on longer term loans to less-developed countries during the first half of 1965 were equal to those of the January-June period of the previous year. We have every confidence these demands for needed capital will continue to be met.

More generally, and looking further ahead, I should note that policies that contribute, as we intend that our policies should, to the continued healthy growth of the more industrialized nations, contribute thereby to the creation of capital available for use in the less-developed countries. Contrarily, policies that failed to encourage sound growth of the capital exporting nations would certainly be felt, and probably felt first and most strongly, in the capital-needy countries as capital available for export became increasingly less abundant.

IV. Our longer term objectives

Before concluding, I would like to speak very briefly of our approach to the longer term objective of international financial policy. As we take this somewhat longer look ahead, let us not forget that the international monetary system created at Bretton Woods over 20 years ago has been extraordinarily effective and resilient. During the past 20 years, the industrial nations have created powerful new economies. A number of important currencies have become freely convertible. International trade has flourished, increasing over one-third in volume in the first 4 years of this decade alone.

Nevertheless, we must be alert to the possibility that continued growth of the world's economy together with sustained equilibrium in the U.S. payments position could combine to create an eventual shortage of liquidity.

This is the single real danger of which I spoke earlier. It is the danger that prompted the U.S. proposal—set forth in my Hot Springs address of July 10¹—that we begin, together with other nations, the careful preparation and consultation that is a necessary prelude to monetary reform. I believe the nature of this problem is becoming widely recognized. Again, the Annual Report of the BIS provided an interesting view of the issue. That report stated:

"For the first time in some years there is some prospect of a substantial reduction in the payments imbalance between the United States and Europe. If this occurs, the potential problem of inadequate means for increasing reserve assets may come closer to reality. From the standpoint of aggregate reserves, it would be likely to take considerable time before the system as a whole were short of liquidity. But from the standpoint of the annual margin for increasing reserves, various countries might feel themselves adversely affected after a rather shorter time. A situation of balance in the external position of the reserve currencies would provide the conditions for more fruitful discussion of this problem."

¹ See exhibit 37.

Exactly when the shortage of liquidity will take place, where it might first appear, what the extent might be, how it will be distributed from country to country, how it will be divided among the private and official monetary components, these are questions that we cannot now answer. But we do know that we should be prepared to deal with these problems, when and if they do arise, in an orderly fashion.

As you know, U.S. representatives are in almost constant discussion with their counterparts in other countries on international monetary problems. We have participated actively in the deliberations of the Group of Ten. Meetings of Working Party 3 and other committees of the Organization for Economic Co-operation and Development are attended regularly by people from the Treasury, the Federal Reserve System, and the Council of Economic Advisers, and afford opportunities for a frank exchange of views. Free world central bankers meet monthly in Switzerland. We, of course, play an important role in such international financial organizations as the International Monetary Fund and the International Bank for Reconstruction and Development. Out of such consultations have come a number of innovations that have helped the international monetary system to cope with recent problems. And these consultations have helped lay a base for the further preparation and agreement essential to reach the international consensus that must underlay monetary reform.

Since announcing the U.S. initiative to intensify and give urgency to the negotiation of new and improved international monetary arrangements, I have been privileged to consider this problem here in Washington separately with Finance Minister Takeo Fukuda of Japan and Walter L. Gordon of Canada.

I will be leaving for Europe shortly to consult with my counterparts in a number of leading European nations on how best to proceed in this effort, without delay, but on the basis of careful and deliberate preparation. I look forward to hearing the views of our friends abroad. I intend to present them with a firsthand picture of the nature of our program here, its results to date, and our attitude toward the longer range issues, the subjects I have been discussing with you here this morning.

Exhibit 39.—White House Press Release, September 13, 1965, on report to the President from Secretary of the Treasury Fowler on his visit to Europe

I had welcome and fruitful opportunities to exchange views with the governmental and financial authorities of seven nations (Belgium, France, Germany, Great Britain, Italy, the Netherlands, and Sweden) on how best we can jointly proceed in improving international monetary arrangements.

I was extremely pleased with the results of my conversations, from which emerged a clear consensus that the time has come to begin negotiations aimed at increasing the capacity of the international monetary system to meet the demands of expanding trade and economic growth within the free world.

During my trip, on most of which I was accompanied by Under Secretary of State George Ball, and Under Secretary of the Treasury for Monetary Affairs Frederick Deming, my colleagues and I found general agreement with our British and continental European friends on the following points:

1. That ways will have to be developed to expand international liquidity—the amount of gold, reserve currencies, or available credits which nations use to finance international trade and payments—after the payments deficits of the United States no longer exist.
2. That such a time is rapidly approaching—the U.S. deficit is already under control—and although there is no need for hasty action, neither is there a great deal of time to waste.
3. That discussions of this subject must now be raised from the technical level to the high policy level, and active negotiations initiated at that level, and that the period of the annual meeting of the International Monetary Fund in Washington at the end of this month offers an excellent opportunity to concert definite procedures to those ends.
4. That careful preparation is necessary to determine the extent of basic agreement among the major countries which would be the sources of additional reserves or credit—the so-called Group of Ten (Belgium, Canada, France, Germany, Great Britain, Italy, Japan, the Netherlands, Sweden, United States)—and that any agreement on improving the system will require assurances that such improvements will be generally acceptable to those countries.

5. That, for this reason, it would be advisable to provide a new mandate for the resumption and completion without delay of the unfinished work of the Deputies of the Ministers of the Group of Ten nations and in this way to begin the first stage of negotiations, hopefully next month.

In all discussions, the U.S. participants made clear their strong conviction that a sound and lasting improvement in the international monetary system must serve the needs of all member nations of the International Monetary Fund—particularly the developing countries—and therefore a second phase of preparatory discussion and negotiation would be desirable before final intergovernmental agreements making formal structural improvements were entered into, in which there would be appropriate and adequate opportunity for the participation of the International Monetary Fund and of countries other than the Group of Ten.

I am glad to say that this position found support in many quarters.

Given a successful course of preparation along these lines, the basis would be firmly fixed for a meaningful international monetary conference in the form of a special meeting of the Governors of the International Monetary Fund or some other suitable forum.

I was extremely pleased that during the course of my visit we were able to participate in and help effect a concrete measure of cooperation between monetary authorities to deal constructively with a more immediate and pressing problem affecting the stability of the existing international monetary system—confidence in the British pound, one of the two reserve currencies on which the system is based. I refer to the action announced Friday by the Bank of England, in which 10 nations, including the United States, and the Bank for International Settlements, joined in new arrangements to counter any speculative attack on the pound. It should be emphasized that this action comes on the heels of indications that Great Britain is moving encouragingly toward a balance in its international payments and is undertaking an effective long-term national program to stabilize costs and prices that will put it in a stronger competitive position in world markets. Hence, the main purpose of the new arrangements is to exploit this strengthening situation and reinforce these developments. The action of the 10 cooperating countries demonstrated once again the strength and flexibility of the existing international monetary system and speed with which a majority of the major industrial countries are willing to work together for the common good.

Exhibit 40.—Remarks by Secretary of the Treasury Fowler as Governor for the United States, September 29, 1965, at the annual meeting of the International Monetary Fund

Fellow Governors of the International Monetary Fund, ladies and gentlemen. We are complimented by the presence in our capital city of so many distinguished people, from so many nations throughout the world. With the addition of Zambia last week and of Malawi in July—to whom I extend my own and my country's hearty welcome—the Fund now numbers 103 countries.

Each of the annual meetings of the great organizations for international financial cooperation that we take part in leaves the world a little changed, and changed for the better. What we say each year rests upon what we have accomplished, and what we have learned, in another year of worldwide cooperation and constructive endeavor in the management of our financial and economic problems.

This year—my first as a Governor of the Fund—we can look back with special pride. During the year just past our processes of consultation and cooperation passed stern tests of their practical effectiveness. We are implementing a significant increase in IMF quotas. The General Arrangements to Borrow were twice called into operation and the participating countries have indicated that they are prepared to continue the arrangements if the Fund so requests.

I consequently look forward with confidence to continued progress in seeking a consensus on matters of very far reaching importance for all our countries, and for a long time ahead.

I hope that when we meet next year we will find ourselves near the final stages of policy agreement in the field of improved international monetary arrangements.

The United States regards the Fund as an essential part of these international financial arrangements. Since the inception of the Fund large sums in dollars have been used by the Fund to accommodate drawings by other countries. Over

the years, these dollars have been repaid to the Fund. In the last 2 years, my country has also drawn on the Fund. Our drawings have been, in large part, technical arrangements making possible the continued use of dollars in the settlement of the obligations of other countries with the Fund.

However, at the end of last July, the United States made a regular drawing of \$300 million through which it acquired foreign currencies for its own use in financing international payments.

All of these events provide evidence that the availability of Fund resources is increasingly important for all of the Fund members, large or small, industrial or developing.

The economic health of the United States affects world economic health in many ways, but in no way more fundamentally than in the reflection of U.S. economic conditions in the strength of the dollar.

During the past year the value of the dollar—and therefore the value of that large part of the world's monetary reserves kept in dollars—was reinforced in two ways: continued vigorous and sound economic growth in the United States, and progress toward eliminating our balance-of-payments deficit.

In the fiscal year ending last June, national output increased by about \$41 billion, equivalent to almost 5 percent in real terms, continuing the longest peacetime economic expansion we have known. Prospects for maintaining our forward momentum are favorable. Despite its record length of 55 months, the current expansion has remained remarkably well-balanced and free from inflationary distortions.

In our manufacturing sector, increases in productivity and in wages received have been sufficiently in harmony so that labor costs per unit of output over the past year have again been stable. Since 1960, our unit labor costs have declined by 3.3 percent. We calculate that the recent key settlement in the steel industry, provides increased wages and benefits over a 39-month period equivalent to a little over 3 percent per year. We are hopeful that this will help sustain a pattern of balance between wages and productivity in industry generally, and will be accompanied by a continuation of stable prices.

Under the stimulus of improved incentives and prospects for expanding markets, capital spending by private industry continues to move ahead vigorously, as it has over the past 3 years, providing assurance against strains on capacity.

In the light of this continued expansion in the domestic economy of the United States, it is particularly encouraging that I am also able to report a significant improvement in the U.S. balance-of-payments position since the announcement of President Johnson's program on February 10. In the second quarter of this year, we experienced a surplus of \$119 million, seasonally adjusted, compared with deficits of \$780 million in the first quarter and \$1,551 million in the fourth quarter of 1964.

We do not by any means conclude from 3 months' data that our balance-of-payments problem has been solved. Over any short-term period, balance-of-payments accounts exaggerate the effects of particular transactions, whether these be favorable or unfavorable. On balance, we believe that our second quarter figures were distorted in a favorable direction.

I regard it as more prudent for us to look at the combined results of the first and second quarters of the calendar year. During the first half of 1965, our balance-of-payments position was much improved, although there was still a deficit. This amounted to \$661 million in the 6-month period and represents an annual rate of about \$1.3 billion.

The figures I have used are in terms of the "regular" deficit concept which has been used generally in recent years in our balance-of-payments accounting. This concept has been criticized in that it includes in our deficit additions to private balances of dollars which represent working balances and investments by private parties. As many of the Governors know we intend to report our balance-of-payments data on the official settlements basis, as well as the usual form in order to make our figures more comparable with those of other countries. On the official settlements basis our deficit in the first half of the year, seasonally adjusted, was about \$400 million, or an annual rate of \$800 million.

This improvement gives us confidence that our efforts over several years, supplemented by a vigorous new attack on the problem proposed by President Johnson last February, are moving the United States toward the equilibrium we are determined to attain and sustain. Our programs will be vigorously pursued until we are certain that the conditions have been created in which equilibrium in our international accounts can be sustained. In this, it is clear that we have the support of the Congress and the U.S. public at large.

This brings us to the heart of the matter: will the free world continue in the years ahead to be able to increase the reserves in our international monetary system sufficiently and in season to be certain that the sound employment of the world's economic resources for growth and improvement is not crippled by inadequate financial means?

This question must be asked because in the future the world's reserve needs will no longer be met by U.S. deficits, and because in recent years additions to reserves have depended so heavily upon dollar outflows. The record is as follows:

The United States has supplied about three-quarters of the new reserves accumulated by the rest of the world since the end of 1958. Only about one-quarter of this increase came from new supplies of monetary gold and from the credit operations of the International Monetary Fund. We estimate that as of the end of 1964 more than a quarter of the official reserves of the rest of the world were held in the form of dollars.

Reserves deriving from the U.S. deficit grew in two forms: dollar balances held as such, and dollars acquired and converted into gold. The latter development, of course, resulted in a decline in U.S. reserves.

Thus, we have before us a problem of conflicting objectives. Resolution of this problem is of central importance to the United States and to the rest of the world:

(a) On the one hand there is the need to achieve and sustain equilibrium in the U.S. balance of payments, in order to preserve the integrity of the dollar at home and abroad, to the end that the dollar can continue to function as an essential part of the world's monetary system, and in order to arrest further drains on U.S. reserves, and

(b) On the other hand, there is the need to continue to supply additions to reserves for continued economic expansion and betterment in all our countries.

All our countries are fully committed to a policy of dynamic growth in a dynamic world economy. This means growing international trade, growing domestic supplies of money, growing national outputs, and growing real incomes and profits.

If this expansion is to occur it is reasonable to expect that the free world, including the United States, will, in the course of time, face growing needs for monetary reserves.

We can hardly expect that either the industrial nations that have experienced such reserve growth or the rest of the world can be satisfied very long to limit future growth in reserves to the very modest level of new monetary gold supplies and such limited increases as come from normal IMF drawings.

These are the principal considerations that led my Government to take the initiative in suggesting that it is now time to negotiate new monetary arrangements which will enable the nations of the world to deal with future demands upon the international monetary system.

It is not my intention in these remarks to comment on the substantive proposals and the issues that have already been set forth for us in the work of the Deputies of the Group of Ten, the Ossola Group, and the reports of the International Monetary Fund. The process of attaining a general consensus on the best ways of providing additional reserve assets will take time and great effort.

I do, however, wish to draw your attention to some important objectives to keep in mind as we go forward with the work of improving the international monetary system.

1. As I have stated, we should not expect to rely upon the dollar to continue to supply the major part of the growth in world reserves. The responsibility for providing reserves should be shared. This means that other ways of creating reserve assets will be needed to provide assurance that their total will grow at a rate that will encourage a continuation of the impressive growth in world economic production and trade.

2. The adjustment of imbalance should be brought about firmly but smoothly, in order to avoid disrupting effects on other countries and on the system as a whole. And here I want to stress that it is of key importance for surplus countries to adjust their positions as well as for deficit countries to do so. The adjustment burden not only should not—realistically, it cannot—rest solely on deficit countries. In the field of medium-term credit, in which the Fund has a preeminent place, we should assure that there are adequate amounts of such credit available to enable the adjustment process to function in ways consistent with the economic and political realities of modern society.

3. We should, at the same time, perfect the defenses of the international monetary system against its vulnerability to massive destabilizing movements of

funds. In this area, international monetary cooperation in general, and especially short-term credit facilities among major countries, are important.

As I have said before, in pursuing these objectives the United States is wedded to no specific plan. We are impressed with the wide variety of technical possibilities which have been developed in the writings of distinguished economists here and abroad. And we have, in addition to these plans, the extremely valuable exploration of basic issues that has been developed by the Study Group on the Creation of Reserve Assets, under the chairmanship of Mr. Rinaldo Ossola, of Italy. This report not only provides a useful guide to current concepts, but has brought out clearly that the obstacles to progress are not questions of technical ability to create reserve assets, but policy issues concerning how, when, and where to create and distribute them. The problem is to reconcile the objectives of governmental policies so as to find ways of making progress that will find broad support.

It is therefore appropriate and gratifying that the Ministers of the Group of Ten decided on Monday of this week to move from preliminary and technical consideration of improvements in the international monetary system to a level of active negotiation among responsible policy officials.

This is the first phase of preparation for new and improved international monetary arrangements. I urge that these negotiations to identify a broad measure of underlying agreement go forward with concentration, vigor, and dispatch.

It is commendable that the Ministers of the Ten have requested the active participation in this first phase of preparation of the representatives of the Managing Director of the International Monetary Fund and of the OECD and the Bank for International Settlements.

With respect to the Fund itself, it is the hope of the United States that in this first phase of preparation the management of the Fund will keep the Executive Directors fully appraised of work going on in the Group of Ten, and that the Fund will keep the Group of Ten informed of results of discussions and considerations by the Executive Board of the International Monetary Fund.

Beyond this, there lies a second phase of preparation of the utmost importance, on which the United States has been both insistent and persistent in its pursuit of appropriate preparation for an international monetary conference. This second phase should be designed primarily to assure that the basic interests of all members of the Fund in new arrangements for the future of the world monetary system will be adequately and appropriately considered and represented before significant intergovernmental agreements for formal structural changes of the monetary system are concluded. Within the Fund membership there are variations in the extent to which individual countries are able to, or choose to, accumulate and hold large reserve balances. All, however, have a vital interest in the evolution of the world's monetary arrangements.

Twenty-one years ago, the Coordinating Committee of the Bretton Woods Conference submitted to the full Conference its report recommending that the IMF and IBRD be favorably considered by governments. The section of the report dealing with the IMF began with these words:

"Since foreign trade affects the standards of life of every people, all countries have a vital interest in the system of exchange of national currencies and the regulations and conditions which govern its working."

I believe that thought is as true and as important today as it was in 1944.

It is true that only a limited number of countries hold the bulk of the official reserves of the world. No doubt these countries, including my own, have deep interests and responsibilities of a unique kind in the system by which reserves are generated and regulated. But other countries, which are not large reserve holders, also have legitimate and vital interests in these matters. This is why all the countries of the free world have a fair and reasonable claim that their views must be heard and considered at an appropriate stage in the process of international monetary improvement.

I welcome the action of the Group of Ten Ministers and Governors in recognizing this essential requirement for our continued efforts toward improvement of the free world's international monetary system. The United States views with hearty approval the Managing Director's suggestions to make suitable arrangements so that the efforts of the Executive Directors of the IMF and those of the Deputies of the Group of Ten can be directed toward a consensus as to desirable lines of action and we welcome the agreement of the Ministers of the

Group of Ten on this point. Because there has been some misunderstanding, I should like to quote in full the paragraph of the communique bearing on this point. Paragraph 9 reads:

"The Ministers and Governors recognize that, as soon as a basis for agreement on essential points has been reached, it will be necessary to proceed from this first phase to a broader consideration of the questions that affect the world economy as a whole. They have agreed that it would be very useful to seek ways by which the efforts of the Executive Board of the Fund and those of the Deputies of the Group of Ten can be directed toward a consensus as to desirable lines of action, and they have instructed their Deputies to work out during the coming year, in close consultation with the Managing Director of the Fund, procedures to achieve this aim, with a view to preparing for the final enactment of any new arrangements at an appropriate forum for international discussions."

We are looking forward to bringing together these two groups, which together can contribute so much experience and knowledge to the solution of the world's monetary problems, into full fledged preparatory discussions. This combination provides an adequate and appropriate preparatory committee for a significant international monetary conference provided, of course, that a meaningful basis for substantive agreement can be reached in advance.

Let me close with a plea that formidable and complex as is the task of extending and improving the workings of our international monetary system, we lift our eyes from it long enough to see what it is, in reality, that we are about.

Let me say—and President Johnson's policies in this respect as in many others are predicated upon this—that what we are engaged upon is the task of creating in the free world an international monetary structure strong enough, flexible enough, and with adequate elements of growth, to provide the financial framework for the building of a greater society of nations.

These international arrangements we debate, the improved international monetary system that we grope toward, are the extension of the great international task of economic development to which so many of us have dedicated so much of our resources.

I say this not to magnify our undertakings, but to give them the inspiration of their true perspective setting.

Let us build patiently, and strong, for much of our fondest hopes rest upon what we are undertaking in our monetary as in our development tasks. But there is too much to be done to permit us the luxury of delay. So let us go forward, with confidence that the institutions and processes of international consultation and collaboration we have brought into being are adequate to keep our problems from mastering us, and that they will permit, instead, that we shall master our problems, in peace and increasing plenty.

**Exhibit 41.—Communique of the Ministers and Governors of the Group of Ten,
September 28, 1965**

1. In the course of the annual meeting of the International Monetary Fund in Washington, the Ministers and Central Bank Governors of the 10 countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States) participating in the General Arrangements to Borrow met under the chairmanship of Mr. Emilio Colombo, Minister of the Treasury of Italy. Mr. Pierre-Paul Schweitzer, Managing Director of the International Monetary Fund, took part in the meeting, which, also was attended by the Secretary General of the Organization for Economic Cooperation and Development, the General Manager of the Bank for International Settlements, and the president of the Swiss National Bank.

2. They noted that, since their meeting in Paris in December 1964, the Members of the Group had been called upon, in May 1965, to provide additional supplementary resources to the Fund in the amount of \$525 million. This brings the cumulative use of the General Arrangements to Borrow to the amount of \$930 million. The use made of the General Arrangements to Borrow has demonstrated once again the important contribution which those arrangements provide to the smooth functioning of the international monetary system.

3. The General Arrangements to Borrow were originally made effective from October 1962 to October 1966. It was stipulated that a decision should be taken on renewal of the Arrangements before October 24, 1965. The Managing Director of the Fund has indicated his continuing need of these supplementary resources. The Ministers and Governors agreed that the Arrangements should be renewed for a second period of 4 years. However, they would suggest, in the light of increasing experience with these credit facilities, that a review be undertaken in due time for the purpose of considering whether some adaptation would be desirable in October 1968 or later.

4. The Ministers and Governors reviewed developments in international payments during the past 9 months and reaffirmed the increasingly vital role of close cooperation of the Group in the light of the inevitable tendency of any major financial stresses and imbalances in payments to have consequences of importance to all members of the Group. They also noted with approval the putting into effect of the program of "Multilateral Surveillance" recommended by Ministers in August 1964; this program had contributed to a better understanding of the ways in which deficits and surpluses were being financed, as well as their repercussions on other countries and on the evolution of international liquidity.

5. The Ministers and Governors noted in particular that the deficit in the U.S. balance of payments which had for years been the major source of additional reserves for the rest of the world is being corrected and that the United States has expressed its determination to maintain equilibrium in its balance of payments. They welcomed this development in the U.S. international payments position which in itself contributes to the smooth functioning of the international monetary system. At the same time, they concluded that it is important to undertake, as soon as possible, contingency planning so as to ensure that the future reserve needs of the world are adequately met.

6. The Ministers and Governors recalled the mandate given to their Deputies in October 1963 to "undertake a thorough examination of the outlook for the functioning of the international monetary system and of its probable future needs for liquidity." They noted that their Deputies had submitted to them an interim report on these problems in July 1964, and had arranged for a detailed examination of various proposals for the creation of reserve assets by a special study group. The report of this group, which has now been published, will facilitate, through its exposition of the elements necessary for the evaluation of various proposals for reserve creation, the acceleration of the work of contingency planning.

7. Therefore, as the first phase of contingency planning, the Ministers and Governors gave instructions to their Deputies to resume on an intensified basis the discussions which were the subject of the Annex to the Ministerial Statement of August 1964.¹ The Deputies should determine and report to Ministers what basis of agreement can be reached on improvements needed in the international monetary system, including arrangements for the future creation of reserve assets, as and when needed, so as to permit adequate provision for the reserve needs of the world economy. The Deputies should report to the Ministers in the spring of 1966 on the progress of their deliberations and the scope of agreement that they have found. During the course of their discussions, it would be desirable for the Deputies to continue to have the active participation of representatives of the Managing Director of the International Monetary Fund, and also of the Organization for Economic Cooperation and Development, and the Bank for International Settlements. The Swiss National Bank will also be invited to continue to send its representative to the meetings of the Group.

8. The Ministers and Governors recognized that the functioning of the international monetary system would be improved if major and persistent international imbalances would be avoided. They recalled that in their statement of August 1964, the Ministers and Governors had invited Working Party 3 of the Organization for Economic Cooperation and Development to make a thorough study of the measures and instruments best suited for achieving this purpose compatibly with the pursuit of essential internal objectives. They expressed the hope that Working Party 3 would be in a position to make their views known at about the same time as the Deputies of the Group of Ten report to the Ministers and Governors.

¹ See 1964 annual report, exhibit 49.

9. The Ministers and Governors recognize that, as soon as a basis for agreement on essential points has been reached, it will be necessary to proceed from this first phase to a broader consideration of the questions that affect the world economy as a whole. They have agreed that it would be very useful to seek ways by which the efforts of the Executive Board of the Fund and those of the Deputies of the Group of Ten can be directed toward a consensus as to desirable lines of action, and they have instructed their Deputies to work out during the coming year, in close consultation with the Managing Director of the Fund, procedures to achieve this aim, with a view to preparing for the final enactment of any new arrangements at an appropriate forum for international discussions.

Exhibit 42.—Remarks by Secretary of the Treasury Fowler, December 3, 1965, announcing the 1966 balance-of-payments program

We meet with you today to present the U.S. balance-of-payments program for 1966.

A summary of the new proposals has been distributed, along with copies of my remarks and those of Secretary Connor, Secretary McNamara, Administrator Bell, and Chairman Martin.

I will begin by discussing the overall balance-of-payments picture, as the administration now sees it.

As you know, President Johnson set forth in his message to the Congress last February a 10-point program of measures which were designed to:

- deal with our payments deficit and protect the dollar in ways fully consistent with our obligations;
- to sustain prosperity at home;
- to maintain our defenses abroad;
- to supply private and public funds to less-developed countries to build both their strength and their freedom;
- to avoid “beggar thy neighbor” restrictions and work for a successful conclusion of the Kennedy Round trade negotiations;
- to work with our trading partners toward a more flexible world monetary system.

One major feature of this program was the President's call for cooperation by the banking community and by business firms in a voluntary effort to limit bank lending abroad and outflows of business capital.

Both the financial and business communities have responded to the President's call, and the results of their efforts so far have been heartening. Only a few weeks ago, as you know, we announced the third quarter and nine-month balance-of-payments results for 1965. On an “overall” accounting basis, our seasonally adjusted deficit through the first three quarters of this year amounted to an annual rate of \$1.3 billion, compared with \$2.8 billion in 1964 and \$2.7 billion in 1963. At the time of our announcement of the third-quarter figures I pointed out that these results, while showing the very substantial improvement required, also underlined the need for following through deliberately and purposefully to assure a similar improvement in the year ahead.

Against this background, the Cabinet Committee on Balance of Payments—including, as members or participants:

- The Secretaries of Defense, Commerce, and Agriculture;
- The Under Secretary of State;
- The Administrator of AID;
- The Special Representative for Trade Negotiations;
- The Director of the Bureau of the Budget;
- The Chairman of the Council of Economic Advisers;
- The Special Assistant to the President for National Security Affairs; and
- The Chairman of the Federal Reserve Board;

and meeting under my chairmanship—has for the past 2 months been carefully examining and appraising every item in our balance-of-payments accounts.

In carrying out their intensive review of our balance of payments, this Committee has had as its mandate the pledge which the President made, in his address to the World Bank and International Monetary Fund meetings this fall, in the following words:

The United States has taken firm action to arrest the dollar drain. Should further action be necessary in the future, such action will be taken.

I want to be very clear about this. We must in our own interest and in the interest of those who rely on the dollar as a reserve currency, maintain our payments in equilibrium. This we will do.

In formulating a program to carry out this mandate, the Committee has made the following assumptions with respect to key balance-of-payments items in 1966:

- further reductions in the balance-of-payments costs of our military and economic aid programs are unlikely. The net dollar outflow for military transactions, including receipts by U.S. commercial suppliers under military offset arrangements, has already been reduced from \$2.7 billion in 1960 to \$1.6 billion last year. This level has been maintained in the first three quarters of 1965. Similar efforts have reduced the dollar outflow from Government grants and capital, including foreign aid, from \$1.1 billion in 1960 to \$700 million in 1964 and about the same figure in 1965. Both programs would have produced further savings this year had it not been for essential outlays in Vietnam. Substantial further savings would again be possible next year were it again not for this critical factor. But we must assume in the light of Vietnam that the combined balance-of-payments costs of these programs will increase in 1966;
- our trade surplus will widen from the annual rate of \$5.0 billion generated in the first nine months of 1965 but is likely to remain somewhat below the high level of \$6.7 billion in 1964. In 1964, our trade position benefited from an unusual convergence of events including strong industrial demand abroad, large agricultural sales, and shipments in anticipation of a dock strike. In 1965, events have been less favorable, including unusually strong domestic demand, less strong demand from key nations abroad, a dock strike, and a high level of steel imports in anticipation of a strike in that industry;
- our tourist deficit will continue to grow though at a slower rate than in 1965. From 1960-65, our tourist deficit has widened by an estimated \$600 million. Our efforts in this area will take time.

Against this background, and after an analysis of the other relevant balance-of-payments accounts, we concluded that new measures were necessary to reach our goal of equilibrium—by which for next year we mean a quarter of a billion dollars or so either side of exact balance on an overall basis. With these new measures we are confident, barring unforeseen circumstances, that we will reach that goal.

These measures involve, essentially, a sharpening and reinforcing of this year's program. Again next year, as in 1965, our program will be voluntary, comprehensive and balanced.

I stress the word "voluntary" to lay at rest any possible fear of mandatory controls.

I stress the word "comprehensive" to make clear that the program requires effort from all of us—Government, the business and financial community, labor, and the public.

I stress the word "balanced" to indicate that to the best of our ability we have attempted to formulate a program as fair as possible to the various parties involved—one requiring no unnecessary sacrifices by any single group.

In the private sector—where the heart of our effort is again concerned with voluntary restraints upon capital flows—we are requesting corporations, through a strengthened Commerce Department program, to meet overall balance-of-payments targets, similar to those of 1965; and also to meet specific targets for direct investment.

As you know, direct investment abroad by U.S. corporations has been going up. We have no desire to eliminate this flow of investments—let me make that crystal clear—for direct investment abroad ultimately returns handsome dividends to the United States in the form of repatriated earnings.

Instead, the Commerce Department program has as its objective a moderation of the rate of overseas investment. The new target calls upon corporations to limit direct investment (including retained earnings) during the two-year period 1965-66 to 90 percent of such outflows during the three years 1962-64. This formula would allow average annual investment during 1965-66 combined at a rate equal to 135 percent of the 1962-64 annual average. The use of a two-year target will be fair because it takes appropriate account both of those companies which cut back in their direct investment programs in 1965, and of those whose performance fell short. For the latter, sharper reductions in 1966 will be necessary.

To provide the kind of savings we must have from this part of the program, the direct investment target will apply to ten new countries not covered in 1965. The interest equalization tax will be extended to certain of these countries as well.

In addition to its expanded geographic coverage, the Commerce program will utilize more detailed reporting and forecasting procedures, and the reports and forecasts in question will be requested of 900 corporations, about 400 more than at present. All corporations, of course, are expected to participate in the efforts called for under the program.

The new direct investment measures are expected to result in balance-of-payments savings of more than \$1 billion in 1966. In addition, corporations will be asked to make every effort to repatriate excess cash balances abroad—a measure which is expected to result in some further savings.

The Federal Reserve voluntary program is being modified in the following manner, as part of our strengthened 1966 effort:

- the ceiling on foreign lending by banks will be increased, in quarterly steps, to 109 percent of the December 1964 base in the fourth quarter of 1966;
- small banks will be permitted to increase their loans somewhat more than this;
- the ceiling on foreign lending by nonbank financial institutions will go up, in a manner similar to the bank ceiling, to 109 percent of the December 31, 1964, base in the case of loans with maturities of 10 years or less; and there will be a new guideline for nonbank financial institutions' loans and investments of more than 10 years maturity in developed countries other than Canada and Japan.

These changes recognize the outstanding contribution of our banking institutions to the program this year. They will also help to insure more fully the adequacy of credit for financing of increased U.S. exports in 1966 and for loans to less-developed countries; in addition, more equitable treatment is provided for small banks many of which have been effectively precluded from foreign lending because they had little or no such lending on their books as of the base date of December 1964. Finally, certain outflows of long-term capital to the developed nations will be moderated further.

The basic arrangement with Canada regarding Canadian access to the U.S. capital market and the exemption from the interest equalization tax for an unlimited amount of new Canadian security issues will be continued under the new program. In accordance with an understanding between our two governments, the Canadian Government will take action to insure that the net flows of capital funds to Canada will be combined with an appropriate use of Canada's foreign exchange reserves to meet the total requirement of its balance-of-payments deficit on current account. This arrangement will enable U.S. investors to buy new issues of long-term Canadian securities on the basis of market considerations, while at the same time the U.S. balance of payments is appropriately safeguarded.

In the Government sector, the 1966 program requires all Government agencies to intensify their efforts to hold down the balance-of-payments costs of their programs. I have already indicated that we cannot expect important savings here but this should imply no relaxation of effort: hard work, care and ingenuity must be employed to insure that rising costs in Vietnam are offset to the greatest possible extent by savings elsewhere.

As additional important measures involving both the Government and private enterprise, the Cabinet Committee recommends that

- legislation to encourage foreign investment in the United States now before the Congress be enacted as soon as possible;
- present efforts to encourage both foreign and domestic tourism in the United States be accelerated, and efforts by the Government to encourage and expand the activities of the private sector in this area be increased. These efforts should include additional appropriations for the Commerce Department's U.S. Travel Service, which is currently operating at a marked competitive disadvantage in relation to its foreign counterparts;
- all-inclusive chartered tours of the United States be encouraged, and this program be coordinated with other private efforts to promote foreign tourism in the United States;
- present efforts both by Government and private enterprise to expand U.S. export trade be sharply stepped up.

In conclusion, I want to make it clear that the program of voluntary cooperation President Johnson called for in his balance-of-payments message of February 10, 1965, has proved highly effective. The positive response to that appeal from

the business community—and particularly from the banking community—has resulted in real progress in improving our payments position. As a result, we are now within sight of our goal of equilibrium next year, and with the help of a vigorous response to this new and strengthened voluntary program, we will achieve that goal.

The achievement of this equilibrium—and our ability to maintain it—will, however, require strong and combined efforts during the coming year by Government, the business and financial community, labor, and private citizens. We should not forget that continuing price and wage stability is a vital part of our balance-of-payments program—just as important as it is to continued economic progress at home. For inflation can be just as damaging to our balance of payments as to our domestic economy.

For the Government's part we pledge and the President's letter is clear on this matter—the continuing and unrelenting effort of the entire U.S. Government to match the efforts we are asking from the private enterprise sector.

Together we must do the job. Our Nation deserves no less.

Exhibit 43.—Remarks by Secretary of the Treasury Fowler, December 8, 1965, before the U.S. Council of the U.S. International Chamber of Commerce

Over recent years we have witnessed a growing awareness in this Nation that there is no serious problem before us, no important challenge, whether it be economic, social, or political, whose solution does not require joint effort by both the public and private sectors of our national life. We have indeed discovered that our progress as a nation rests upon our success in dovetailing both public and private policies toward a common national purpose. We have learned that neither the public nor private interest can be served at the expense of the other—that we cannot really serve one without serving the other.

Today, we are also beginning to see more clearly that this same inherent interdependence, interdependence which has become a palpable fact of life, exists on the international level as well. In particular, we have all come to a far greater appreciation of the importance of the private sector in our Nation's role as a leader in world affairs, especially of the importance of our multinational companies, which are based in the United States but which also conduct extensive production and marketing operations in other countries. I am sure a number of these corporations are represented here tonight.

These corporations—these mighty engines of enlightened capitalism—have contributed substantially to the economic growth of the free world since World War II, and it is difficult to overstate their importance to continued growth in the free world economy, particularly among the less-developed nations.

In the future, much more even than in the past, their contribution, their role in a growing world economy, will depend critically upon how successfully we can reconcile national interests in both base and host countries with their own private interests.

But the harsh reality is that, at times, they seem to be moving, not on complementary paths to a common purpose, but on a collision course. And today, more than ever, we can ill afford such collisions—today, more than ever, we must all recognize that the reconciliation of national interests and those of multinational corporations is essential to a future with freedom and a healthy, dynamic economic environment for the free world.

The expansion of international trade, the freedom of money to flow across national boundaries, the welcome extended to foreign business units, the stimulating effects of broadened competition, and the spread of technical and organizational knowledge—these hallmarks of multinational business have helped to bring an expanding, more integrated and efficient structure to the West since World War II.

And there is no doubt that, given these same conditions, plus some reasonable assurance against state confiscation, state competition and discrimination against foreign enterprise, the multinational corporations of the West can make significant contributions to the emergence of viable and free economic societies in the less-developed countries.

But certain facts must be faced. In many of the less-developed countries, the rising tide of nationalism mixed with state intervention or discrimination in varying degrees has created an uncongenial atmosphere for multinational private business. Indeed, the same trend is evident in some of the developed countries where multinational companies have become well established.

So today—with multinational business at an alltime peak, and the multinational corporations of the developed countries who are members of the Organization for Economic Cooperation and Development possessed of the greatest potential for international economic development in history—the dangers and opportunities match each other in equal challenge.

There is no single, simple way to minimize or avoid the dangers and to expand the opportunities. It is, however, clear that progress can only come from a growing understanding of each other's needs and problems by political leaders in base and host countries and the corporate bodies of multinational units. And in the context of growing understanding, both sides must work to discover and broaden the areas of common purpose as well as to narrow the areas of conflict.

Let us look, first, at some of these areas of common purpose from the standpoint of the United States and the multinational companies based here.

We can gather some idea of the national public interest of the United States in multinational corporations from the simple fact that at the end of last year the book value investment of U.S. companies in foreign branches and subsidiaries amounted to \$44.3 billion—of which about \$35 billion was in manufacturing, petroleum, and mining and smelting.

In this enormous extension of U.S. corporate business on a multinational scale much more is involved than the economic advantages of investors of capital and the return of profits, although it must never be forgotten that this is always the controlling rationale.

Multinational companies are playing an increasingly important role in the expansion of world trade, in serving the interests of the less-developed countries, and in proving capital, knowledge, industrial know-how, and useful employment in countries other than the base country, as well as increased employment, assets and profit returns for the base country.

For this Nation, therefore, they have not only a commercial importance—but a highly significant role in a U.S. foreign policy that has met with general approval by the Atlantic countries. Since World War II, every President, practically every Congress, and numerous public and lay leaders of national and international reputation have emphasized the importance to national interests of the role of these private companies operating on a multinational basis.

For example, the various foreign aid enactments beginning with the Marshall plan in 1948 have all stressed the importance of promoting U.S. private investment abroad in their provisions for investment guarantees and other means of encouraging foreign investments by American business.

The importance of the foreign operations of U.S.-based companies in lending momentum to the economic and industrial development of the free world during the reconstruction of Western Europe and Japan, and now in the continents of Asia, Africa, and Latin America, has been acknowledged for some years.

And we are all equally aware—those of us in Government as well as those in private business—of the long-term importance to the United States of investment income from and participation in the industrial development of other nations by U.S. private corporations.

For example, from 1950-64 receipts of earnings, interest payments, management fees, and royalties by the United States in direct investments overseas totaled some \$37.3 billion; this compares with the \$20.4 billion capital outflow from direct investment abroad in the same period. Last year, in 1964, our receipts from this investment amounted to \$4 billion, second only to our receipts from exports as a favorable factor in our balance of payments. In fact, we count upon rising returns from direct investment overseas to serve as one of our most consistent elements of balance-of-payments strength in the months and years ahead. Furthermore, additional exports have been generated in the form of capital equipment, materials, parts, and services required to export these investments.

Recipient countries as well can receive abundant benefits from the operations of these corporations, benefits in the form of fresh investments of capital, of infusions of new or additional know-how, techniques, and skills, of new or additional jobs and products, of heightened productivity, and enlarged export capacity.

In short, modern multinational corporations have the capacity to contribute substantially to rising incomes and economic progress in both the home country and in foreign lands, and thus to better relations between all concerned not only in the economic sphere, but in the political and social spheres as well.

Indeed, there is much to support the thesis of a distinguished American industrial leader, Mr. Roger Blough, chairman of the board of the U.S. Steel Corp. who remarked recently that the multinational corporation "may ultimately prove to be the most productive economic development of the 20th century for

bringing the people of nations together for peaceful purposes to their mutual advantage * * * an instrument which could do more to bind nations together than any other development yet found by man in his pursuit of peace."

But while, as I have made clear, this Nation and all nations concerned have a great deal to gain from the endeavors abroad of American-based multinational corporations, let no one think it is all a one-way street. In particular, let no one forget the crucial importance to the multinational corporation of a U.S. Government that commands world respect for its economic and military prowess as well as for its commitment to the highest human ideals—a U.S. Government whose political, diplomatic, and military strength is fully commensurate with its role as leader of the free world.

For let us all understand that the U.S. Government has consistently sought, and will continue to seek, to expand and extend the role of the multinational corporation as an essential instrument of strong and healthy economic progress throughout the free world.

The Government has, first of all, sought, and will continue to seek, in countless ways to enlarge the freedom of opportunity for multinational firms operating overseas—by diplomatic efforts to allay fears of foreign domination and exploitation, as well as to remove local barriers to foreign private investment, by programs aimed at deepening and widening understanding in less-developed countries of the workings of a privately oriented economy, and by programs to encourage and directly assist prospective investors in foreign countries, and by other efforts far too numerous to mention here.

Equally important—and far too little appreciated—is the crucial extent to which the successes of our multinational corporations abroad have depended, and must continue to depend, upon the success of our Government in maintaining a viable international monetary system to facilitate stable exchange rates and a free flow of funds, in lowering trade barriers and in pursuing peace.

Indeed, while it is most difficult to quantify, it is also impossible to overestimate the extent to which the efforts and the opportunities for American firms abroad depend upon the vast presence and influence and prestige that America holds in the world. It is impossible to overestimate the extent to which private American ventures overseas benefit from our commitments, tangible and intangible, to furnish economic assistance to those in need and to defend the frontiers of freedom.

In fact, were we to contemplate abandoning those frontiers and withholding our assistance—as some continually suggest—I wonder not whether the opportunities for private American enterprise abroad would wither, I wonder only how long it would take.

Now, let us look at some specific areas of real or potential conflict between national interests and the multinational corporation—conflict which again requires that all sides concerned exert every effort to better understand and appreciate each other's problems and needs.

I think it a fair assessment of the current situation to say that more than any time since the end of World War II the rising tide of nationalism in both developed and less-developed countries is generating public attitudes and policies that could obstruct the growth and development of the multinational corporation or halt the movement toward an atmosphere of greater freedom that is conducive to their proliferation.

There are signs in quite a few developed countries that their political leaders believe they have a diminishing need for foreign capital, technology, or management. In a number of the less-developed countries, new political leaders manifest a distinct preference for government-to-government grants and loans for local or state-owned enterprises over the entry of foreign private direct investment. And as the number and size of foreign private firms within the borders of both developed and less-developed nations continues to increase, conflicts between the policies of these countries and guest corporations often follow—conflicts that often lead to tensions between the host countries and our Government and that often give rise to a growing host of regulations or laws that discriminate against foreign firms.

A brief review of some of the specific areas where thoughtful and temperate policies by both government and business are necessary to minimize potential conflict between national interests and multinational business would include at least five:

First, the area of trade. It is, I think, fairly clear that the movement toward the general lowering of trade barriers and the creation or enlargement of regional marketing areas—encompassing many countries in which goods move relatively

freely—are conducive to the infusion of capital, initiative, and technology from external as well as internal sources. The multinational corporation, therefore—as well as the free world economy generally—has a large stake in the success of the Kennedy Round as well as of efforts to enlarge marketing or regional groupings in which many countries dispense with trade and customs barriers. And failure in these efforts and these negotiations will bring the multinational corporation hard up against national or larger regional interests seeking self-containment and self-sufficiency and turning away from the postwar movement toward increasing interdependence.

Second, there is the fact that both the entry and the operations of a multinational corporation into a given country are subject, not to some supranational authority, but to the laws of the country where they operate. Around this simple, inescapable fact centers a vast area of potential conflict—conflict which can be minimized only by applied good will, mutual understanding, and equal treatment under the law for foreign and domestic enterprises.

Third, in the less-developed countries perhaps the most serious deterrent to the multinational private corporation is the specter of state confiscation and state operation of competitive units. This is, as you know, a specter not easily exorcised. But the U.S. Government—together with other governments and with appropriate international agencies—must try to bring home to governments and peoples of less-developed countries by word and deed the truth that the multinational corporation cannot and will not play its proper role in developing countries in an institutional environment that accepts state confiscation or state operation of competitive units on an unrestricted basis as a national policy.

Fourth, there is the troublesome area of conflict between national interests and the multinational corporation that stems from decisions resulting in the transfer of production and employment from one country to another. These decisions, involving a loss of jobs or exports, can often have serious political repercussions. Obviously, to avoid these repercussions is in the best interests of all concerned and the only way to avoid them is for both the management and the public officials concerned to work out some means for minimizing the adverse impacts of these transfers.

Fifth, there are the necessities that the international monetary system imposes upon governments to maintain sufficient reserves of gold and foreign exchange or credits to meet external payment requirements. Today, as you are well aware, this is a subject of considerable current concern to our multinational corporations who, since early February of this year, have been asked to do their share in meeting an urgent national challenge: the challenge of bringing our balance of payments into early and sustained equilibrium. But before turning to this matter in particular, let me say that in all these areas of potential conflict something more is needed if national interests and multinational corporations are to live harmoniously together. We must, I think, be continually searching for an improved institutional environment.

In this search, we from the United States naturally look for guidance into our own experience with the gradual submergence of tension between our individual States and our interstate corporations. That experience—beginning with the commerce clause in the Constitution—is one of a constant and successful effort to insure the fullest possible freedom of commerce within our borders. That experience—embodied in a network of laws to protect commerce from abuse by public authority—has enabled the interstate corporation to become the great force that it is in the U.S. economy.

This process was feasible because the people and their representatives felt that the interstate corporations better served the needs and desires of the society than if sole reliance were placed on local capital, know-how, and organizational initiative.

Equally important was the fact that the management of interstate corporations—exercising good long-range corporate planning principles—developed a tradition and practice of good corporate citizenship in the areas where the company conducted substantial producing or selling operations.

This system has produced, in an atmosphere relatively free from any imperialistic overtones of the more powerful states, a great measure of economic development, reasonably well balanced between regions, and a considerable degree of political unity.

What carryover value, if any, does this experience have for creating a better institutional environment for the multinational corporation as it deals with nationalism and national sensibilities?

Let me simply suggest a few possibilities.

First of all, it is essential that there be developed and observed a Code of Good Corporate Citizenship on the part of multinational corporations.

Basic to that code must be a two-way flow of accurate information between the main office and its outlets abroad, so that the corporation can avoid the host of misunderstandings that can arise from faulty channels of communication.

Of great importance is the employment of citizens of the host country in line management, accounting, marketing and technical areas, as well as lesser positions. The upgrading of citizens of the host country to positions leading to advancement and influence in the top management of the parent is equally significant, giving the company the flavor of a truly international rather than merely a multinational firm. These policies must place a high premium on training.

Somewhat related is the widening of the corporate research base, wherever practicable, through the foreign subsidiary in cooperation with local educational institutions.

Worthy also of full exploration are the possibilities of ownership participation. Mr. Frederick Donner, chairman of the General Motors Corp., put it this way: "Hasn't the time come when thought should be given to making the ownership of these international corporations also truly international? In other words, should it not be possible for investors in the countries in which international corporations operate plants to participate directly in the ownership of these international corporations?"

This does not necessarily mean direct local participation in the ownership and earnings of the local subsidiary. It may take the form of ownership of stock of the parent, which Mr. Donner envisaged as more desirable in cases where unified ownership interest is necessary because of the close business relationships of parent and subsidiary or subsidiaries of the same parent.

A keen sense and practice of good public relations will disclose many other attributes of good corporate citizenship and measures that avoid offense to national sensibilities. We have already referred to transfers of production. Some consideration should also be given to avoiding acquisitions or ventures, particularly in developed countries, which tend to cause the proportion of foreign investment in a key sector of industry or trade to raise questions of economic or political self-determination.

These are but a few of the many phases of good corporate citizenship in which long-range corporate planning—strategic and tactical—can play a vital role for the multinational corporation.

Policies of the base or home country government of the parent in a multinational complex can supplement these efforts. The home government can eschew utilizing the multinational company as an instrument of national policy to obtain political influence in foreign activities. It can insure firms against losses from political disturbances and currency devaluations which sometimes invite corporate intervention in political affairs. It can review its tax laws and regulations to make sure there are incentives for private investment in less-developed countries where external capital flows are badly needed. It can make sure that there are no legal obstacles to joint ventures with nationals of the host country where that is an appropriate business course.

But in the final analysis, the prospect for an improving institutional environment for multinational companies depends primarily on the willingness of potential host countries to forego voluntarily as a matter of national policy the exercise of extremes of nationalism, even though within the bounds of national sovereignty.

A current case in point is the International Convention on the Settlement of Investment Disputes¹ between states and nationals of other states, sponsored by the World Bank and signed last August by the United States. This Convention is aimed at promoting economic growth—particularly in the developing countries—through private investment, by helping create an atmosphere of mutual confidence between private foreign investors and countries which wish to attract a larger flow of private international capital. This convention will go into effect as soon as it has been ratified by the required 20 member governments of the World Bank.

Let me also note an interesting suggestion—certainly worthy of exploration—put forth last summer in the report of the Advisory Committee on Private Enterprise in Foreign Aid, headed by Mr. Arthur Watson, chairman, IBM World Trade Corp. The Committee recommended and I quote: "that the U.S. Government

¹ See also exhibit 49.

lend its full support to the principle of an investment code under international sponsorship; and that as part of such a code the United States be prepared to accept a reasonable statement of the obligations of investors, to accompany a statement of the obligations of host countries."

The Committee felt that, while such a move could offer no final guarantees to the hesitant investor, it would improve the general climate for private investment abroad and would offer large advantages to less-developed countries.

This country is today engaged in two sets of negotiations whose successful outcome hinges upon the willingness of all to forego excessive nationalism—the Kennedy Round of trade talks and the preliminary negotiations now underway toward improving the international monetary system.

For its part, this Nation is committed to the fullest reductions possible of all trade barriers among the developed nations. We have demonstrated, and will continue to demonstrate, that commitment in the Kennedy Round. We accept the fact that there must be give and take and we are willing to do our share of giving. But others must do the same.

We have also demonstrated our commitment to insuring a world monetary system capable of continuing to meet the needs of expanding world trade and commerce over the next 20 years and more with the same success that it has displayed over the past 20 years.

Indeed, our efforts in these areas reflect our acute awareness of how deeply interdependent, how indissolubly linked, are the American economy and the economy of the free world. For it is upon the stability and soundness of the American dollar, as much as upon any other single factor, that the entire international monetary system is anchored. And an effective world monetary system is essential for strong and sustained growth in world trade.

These, as you well understand, are factors that underlie our own economic prosperity as well as that of the entire free world. Nor is their impact or their importance confined to the economic sphere. For our ability to shoulder the burdens of world leadership—economically, politically, militarily—must rest as much upon the firm foundation of a strong dollar as upon any other aspect of national strength.

To ourselves, therefore, and to the world, the stability of the dollar—and of the world monetary system which the dollar so critically supports—is a matter of the first importance.

This is why the solution of our balance-of-payments difficulties and the strengthening of our international monetary system must be of deep concern to all of us in this country as well as to the peoples of the free world. And they must be of particular concern to our businesses with operations abroad.

For, as you know, the heart of our current program to reach sustained equilibrium in our balance of payments is the voluntary program of restraints upon private capital flows overseas.

And the critical area in that voluntary program is the one that encompasses direct investment abroad by the U.S. corporations. In the announcement this past Monday of the President's intensified balance-of-payments program for 1966,¹ it was made quite clear that we must look, above all, to marked improvement in the direct investment sector if we are to reach our goal of equilibrium in 1966—a goal we defined as within the range of a quarter of a billion dollars either side of absolute balance in our overall account.

I will not now repeat the details of Monday's announcements. I want simply to clear up some very basic misunderstandings.

Let me, first, make it clear that we fully recognize the fact that direct investment abroad ultimately returns handsome dividends to the United States in the form of repatriated earnings. We fully appreciate the fact that current outflows through direct investment will more than pay for themselves over the long run.

The problem very simply is that we cannot wait for the long run. We simply do not have the time to wait until the future returns from these outflows equalize, or surpass, their current heavy cost to our balance of payments.

The problem is that the outflows have been currently growing too fast in relation to the inflows they generate, and in relation to the improvements we have been making in other areas of our balance of payments. We cannot simply sit and wait for the return flows to mount, for in the meantime there would grow abroad an ever-rising tide of short-term liquid claims on us—claims that could

¹ See also exhibit 42.

seriously endanger the dollar and touch off a whole series of disastrous consequences that would affect all aspects of our Nations' position in the world.

The fact is that some of the surplus countries of continental Europe have made quite clear their unwillingness to accumulate more dollars. And the United States and the existing free world monetary system simply cannot afford continued deficits in the U.S. balance of payments with the continued erosion and attenuation of our reserves.

We have asked, therefore, that, for the time being, corporations moderate the annual increases in their rate of overseas investment. We have asked that they maintain the outflow from direct investment at a reasonable level—to an amount which our balance of payments can safely absorb.

Let me emphasize, also, that these restraints are temporary measures required to alleviate a serious and current problem. There are signs that the rate of profits on direct investments in Europe is not as large as it was only a few years ago, signs even that it is now not very much higher than in this country. As economic growth in Europe becomes more moderate, the need for large capital outflow to finance the expansion of U.S. foreign affiliates will also become more moderate. The long-run trend of the U.S. trade surplus is probably still rising, despite the cyclical decline this year. If world trade continues to grow, and if U.S. prices and costs remain competitive, our export surplus—including remitted profits from foreign investment—will grow. In short, there is every likelihood that within a period of time the problem may solve itself as private capital outflow from the United States abates and the surplus on current account grows.

In the meantime, we need the voluntary programs. To be sure, they require some sacrifices and involve some hardships. But the sooner we get down to business and make these programs work, the sooner the day will come when we will need them no longer.

The stakes are high and they involve not only the best interests of the Nation but the best interests of all who do business abroad. For the strength of our dollar, and the strength of our Nation, is their strength as well.

Nor need our businesses and financial institutions feel they are carrying the burden alone. They are only being asked to bear their share of a burden that the Government bore, more or less alone, for some 5 years or so. As President Johnson made clear—in connection with the intensified balance-of-payments program announced last Monday—5 years of intensive Government effort have resulted in a 40-percent reduction in the balance-of-payments cost of military spending abroad—despite rising costs overseas, the requirements of the Berlin buildup in 1962, and of the current struggle in Vietnam. That effort has also resulted in a full 50-percent reduction in the balance-of-payments impact of foreign assistance. We will not only sustain that effort, but intensify it wherever we can. At the same time, we recognize, and all must recognize, that we cannot in the foreseeable future expect large savings in this area, whose potential for savings we have already so thoroughly explored and in such large measure exhausted.

We must, therefore, in the words of President Johnson—and I quote:

* * * reject the counsel of those who would have the Government do the entire job, at whatever cost to American security and leadership. It is private outflow that has grown so sharply since 1960. Some further reduction in that outflow is essential if we are to solve this problem without crippling our economy at home, or compromising our leadership abroad.

Thus, we must understand that, while the Government can and will hold to its essential minimum the dollar drain through military and aid expenditures abroad, the overall dollar costs of those programs must be measured by the value of the national purposes they serve. And when those purposes are well served, when the welfare of the Nation is advanced, then we are all well served, then the welfare of us all is advanced including the business community.

And, as I have made clear, one of our greatest benefits from our foreign programs—benefits in which the business and financial community most abundantly share—is the maintenance abroad of the broadest possible areas of opportunity for free enterprise. Ours is an interdependent world, and interdependence has its costs. We must be prepared to meet those costs, for only by doing so can we keep the world safe and strong for free peoples and free enterprise.

Exhibit 44.—Remarks by Secretary of the Treasury Fowler, December 12, 1965, before the American Conference on the Atlantic Community and Economic Growth, on expansion and interdependence

I was present in Paris in the fall of 1961 at the first ministerial meeting of the then new Organization for Economic Cooperation and Development: It had just been created out of the finished works of the Marshall plan's Organization for European Economic Cooperation.

I look back with pride to the fact that I was a member of the U.S. delegation that startled the meeting by proposing that the industrialized nations of the Atlantic Community—Japan was not then, but is now, a member of OECD—adopt a common goal of 50-percent economic growth during the 1960's.

The 1960's we proposed, with President Kennedy's solid backing, should be a decade of growth. I was looking over our cables to Washington from that Conference the other day, and what came out strongly was the doubt of the Europeans, at that time, that the United States could stir itself out of the economic lethargy into which it had dropped in the 1950's and match the vigor of Europe's economic stride in the 1960's.

Let me diverge for just a moment at this early point to make a necessary clarification. All that we say here tonight about the Atlantic Community, and I am certain that you will agree, even if the rapid sweep of history has already somewhat outdated your organizational focus, all that I am saying about the international matrix of sound economic growth applies to the Pacific as well as to the Atlantic side of the Organization for Economic Cooperation and Development. And you will see that in my view there is also an important degree of interdependence among the developed and the less-developed countries.

Admittedly, in 1961 these doubts were not without foundation. From 1953-60 the economic growth rate of the United States had been a poor 2.4 percent annual average. The Nation was just emerging from the fourth postwar recession—disturbed by the fact that each of the three prior recessions had been followed by shorter and weaker recoveries, and that the previous recession had produced the largest peacetime budget deficit in our history. Unemployment was intolerably high. Business investment in new plant and equipment—its coattails gripped by an outdated tax structure—was far less than we needed to generate more vigorous economic growth and a stronger competitive position in world markets. Even our own home market was becoming increasingly open to import competition. At the same time, a series of balance-of-payments deficits, averaging almost \$4 billion a year for 3 years, had made the dollar vulnerable and threatened the international monetary system based upon it. This meant that we faced the problems of encouraging domestic demand without worsening, indeed while improving, our balance-of-payments position. That required us to make only limited use of monetary policy.

It was against this background of economic slack at home and balance-of-payments deficit abroad that we proposed a decade of growth for the Atlantic Community countries at an average annual rate of 4.1-percent increase, nearly twice what we had averaged since 1953!

It is scarcely surprising that our cables home indicated that the response of some of our European friends was somewhat patronizing. Europe's recent economic experience, in the fall of 1961, had been startlingly different, and better, than ours. From 1953-60, the growth rate of the European member countries of OECD averaged 4.8 percent a year. Japan, as you are no doubt aware, did even better. The European consumer was well on the way to a revolutionary change for the better in his living standard. The successful development of the Common Market gave Western Europe as a whole a sense of prideful unity. And there was an added boon for Europe—quite contrary to the classical picture of surging demand and rising prices bringing on a balance-of-payments deficit, Europe's cup was running over with a surplus of dollars.

The United States, on the contrary, had both the lag at home and the sag abroad.

But things are very different now. We are nearing the 5-year mark in an economic expansion that is awesome in its proportions, unprecedented for its balance and stability, and impressive for the distribution of its benefits over all parts of the economy. Let me point out for you just a few of the highlights of the vast national economic improvement that our country has enjoyed since 1961:

- a 35-percent rise in our total national output;
- a 32-percent rise in consumer spending;

- a 56-percent rise in business investment in plant and equipment;
- a 39-percent rise in manufacturing production;
- an 84-percent rise in corporate profits after taxes;
- a 32-percent rise in personal income;
- GNP increases averaging precisely 5 percent a year in constant 1958 dollars;
- a drop in unemployment from 6.9 percent of the labor force in early 1961 to 4.2 percent last month.

We ask all to join with us in defending this enormous strengthening of the economic base of our national life because it is not something that just happened, it has happened because public policy in the past few years has been such as to reward private economic enterprise—business and personal—with dramatic new incentives that have infused a new dynamic drive into our economy. Let me mention the main elements of this economic policy mix:

During the past 4 years tax policy has lifted from personal and business lives the oppressive burden of wartime rates of Federal taxation and excises that were imposed partly with the object of restraining investment and consumption and that had been allowed to persist long after they were contrary to what was needed.

I would like to draw your attention to the character of the policy mix that produced this sustained profit rise for business, sustained income growth for individuals, and sustained economic growth and improvement for the Nation: it is the result of a mix of policies designed to attack problems of inadequate growth and excessive unemployment, at the same time building in protection against inflation by encouraging increases in capacity to produce and productive efficiency, while we also moved toward equilibrium in our balance of payments.

To these developments in the private sector was joined a judicious program of Federal outlays for the improvement of the quality of American life, most particularly for the expansion and improvement of education, and the reduction of poverty, paid for in a substantial part out of savings resulting from a rigorous program for the control of Federal spending and reduction of Government costs at every possible point.

Under the combined effects of economy and efficiency in Government, and increased Federal revenues resulting from the economic flowering that followed upon personal, business, and excise tax reductions, President Johnson was able to cut the Federal deficit from an expected \$11.9 billion in fiscal 1964 to an actual \$8.2 billion that year, and to \$3.4 billion in fiscal 1965, despite tax reductions in those years that totaled \$20 billion at next year's levels of income.

In the initial 4 years of the U.S. expansion, wholesale prices remained virtually stable, while consumer prices moved slowly upward, at a rate of 1.2 percent a year, mainly due to selective increases in the costs of services. In the last 12 months, wholesale prices advanced 2.3 percent, but the larger part of this increase reflected temporary factors affecting food and farm products. Industrial prices have risen only 1.3 percent over the past 12 months. Thus, compared with earlier U.S. expansions and the performance of other countries, the record remains very good. Contributing to this near stability is the fact that labor costs have moved within the bounds of productivity growth. Indeed, unit labor costs in manufacturing during the third quarter of 1965 were a bit lower than at the start of this expansion, in early 1961.

These policies resulted in an economic expansion that has so well balanced the growth of demand with the growth of capacity to produce and the increase of productivity that we have had a very long period of economic growth and improvement without inflation. This unusual combination of results was made possible by one of the critical, but too little noted, elements of the policy mix that underlies the current economic expansion.

This is the fact that, at the earliest stages, emphasis was given to increasing our capacity to produce and to keeping our productive efficiency on the rise and our costs down.

In part, this was accomplished through tax reductions that spurred investment by making investment more profitable. In part also, the early and sustained effort to keep the rise of output in step with the increase of demand—and thereby void a boom-bust situation—took the form of attacks upon unemployment and upon low productivity through increased investment in enlarged and more efficient capacity and in the manpower retraining program.

The final element of the mix was also supplied early in the expansion: in the first months of 1962 the Council of Economic Advisers issued wage-price guideposts that have assisted both business and labor in arriving at noninflationary wage and price decision.

While the United States has risen to a growth rate of 4.7 percent over the past four quarters ending September 1965—well above the 4.1 percent annual average set as a target for the decade of growth in 1961—Europe has been struggling to stay above the target rate, and currently appears to be falling below it. An assessment by OECD economic analysts, made public this week by *The OECD Observer*, a publication of the Organization for Economic Cooperation and Development, gave this summary of the current picture:

In terms of real output, the growth in gross national product for Europe in 1965 looks as if it will be around 3.5 percent, with Britain, France, and Italy lagging behind, and Germany and most of the small industrialized countries except Belgium showing gains well above the average. In Japan the outlook has deteriorated and there is unlikely to be any significant rise. However, in the United States the growth of GNP seems likely to be nearer 5 percent than the 4.5 percent expected earlier. Bigger gains are also expected in Canada.

There now may be no further slowing down in the aggregate growth rate in 1966. On present trends the year-to-year gain for the OECD area as a whole may be in the 4 percent to 4.5 percent range. But big differences between different countries, and in particular the divergence of trend between North America and the rest of the area, may well continue.

I do not know what a thoroughgoing examination of the economic policy mix in use in Europe during the last few years would disclose with respect to the fact that Europe's economic expansion is apparently now slipping below the growth goal set for the decade of growth.

I do not know if such an examination would indicate that a different policy mix—one, perhaps, placing less reliance on monetary restraint and more on the use of fiscal policy to balance supply and demand—would have permitted Europe to achieve the price stability it has sought but has not achieved over the past several years without sacrifice of growth potential. And of course it should be kept in mind that—as the OECD study just cited indicates—experience has varied greatly among the various individual European countries.

It is not appropriate for me to attempt such an examination at this time and place. That is the function of the multilateral surveillance exercises of the OECD committees. What I would like to emphasize is that whatever the results have been in Europe in recent times, they must be attributed to the internal economic policies of the countries concerned, and they are not results—as has sometimes been alleged, chiefly here in the United States—of our efforts to restrain dollar outflows so as to eliminate our balance-of-payments deficits. I set this forth in testimony to the Balance of Payments Subcommittee of the Senate Committee on Banking and Currency in August, in which I said:

Some concern has been expressed that our program generally might adversely affect liquidity in the international payments system, tend to impede growth of economies abroad, and restrain the desirable expansion of international trade.

None of this concern has come from the countries concerned. Most of the concern about what we are doing to other countries seems to be here in the United States.

It is sometimes suggested that the program has seriously aggravated more directly the economic positions of some countries, particularly the United Kingdom, Canada, and Japan. Such concerns do not seem to me to be justified by the facts.

In most of the industrial countries—more particularly those in Western Europe—economic expansion continues and the pressure of internal demand remains strong. These governments, relying on restrictive monetary policies to avoid inflation, which I might say were inaugurated long before the President's balance-of-payments program, some in 1963 and some in 1964, have welcomed our balance-of-payments measures for the support given to domestic restraints abroad. With respect to these countries—broadly characterized by strong reserve positions and brisk domestic economic activity amidst varying degrees of inflationary pressure—there is no basis for any conclusion except that the tools and resources are at hand to strengthen domestic demand, when and if they consider it appropriate to do so.

We submitted to this subcommittee, chaired by Senator Muskie, a country-by-country analysis, and an analysis of the provisions in our balance-of-payments program to protect the economic progress of the less-developed countries, from which we concluded that our program:

* * * has not damaged the economies of the advanced countries, or dimmed the prospect for flourishing world trade (and that) direct investment in the less-developed countries is in no way discouraged.

I would like to turn now to a brief examination of some areas for joint action within the OECD whereby we might hasten the prospects of a sound, strongly growing and interdependent free world economy, beneficial to each because the benefits of each are the source of gains for all.

SOME AREAS FOR IMPROVEMENT IN THE INTERESTS OF SOUND AND RAPID FREE WORLD ECONOMIC GROWTH

The need for freer and more effective capital markets abroad

One of the first and most fruitful improvements that could be envisioned in the workings of the free world economy as a whole would result from the creation in Europe and in other advanced countries of a capital market with something approaching the freedom, flexibility, variety of options for the use of funds, and variety of institutions for their placement that exists in the United States.

The inadequacies, the obstacles and the needs existing in capital markets abroad have been spelled out on a number of occasions over recent years. My predecessor, Secretary Dillon, called attention to this area in a speech before the American Bankers Association meeting in Rome early in 1962 and reemphasized it at the 13th Annual Monetary Conference of the ABA at Princeton this past March. The Treasury submitted in December 1963 a detailed description and analysis of certain European capital markets to the Joint Economic Committee of the Congress as part of the record of hearings held by the joint committee in July 1963. In April 1964, a task force which I had the honor to chair submitted for the President a report on Promoting Increased Foreign Investment in U.S. Corporate Securities and Increased Foreign Financing for U.S. Corporations Operating Abroad. This also called attention to the obstacles, inadequacies, and needs in foreign capital markets. I would draw attention specifically to recommendations 36; 37, 38, and 39 of that report.

In his March 1965 speech Secretary Dillon made a number of observations that I will draw upon in some of the following passages:

With rare exceptions foreign financial markets lack a fluid and large short-term money market, and long-term bond markets are even more restricted. This means that for the most part there is simply no means by which private borrowers and lenders, and even to a considerable extent, governments, can readily raise, or dispose of, large sums of money, quickly, in open markets. They are forced, instead, to move with their demands through the bottlenecks of a few big institutions dealing with customers on a personalized basis. These institutionalized markets are so insulated from the short-term money markets that they are relatively unresponsive to the actions of monetary authorities.

This deficiency can go so far as to provide us with the spectacle of one European government borrowing abroad to cover a budgetary deficit when it had a balance-of-payments surplus that it was converting to gold at the expense of U.S. reserves. And we have also in recent times seen another government send representatives of its nationalized industries, and of government agencies, to borrow in the United States because they could not agree on how to raise needed funds at home, although—again in the case of this country—the borrowing country had a balance-of-payments surplus that it was converting to gold.

It was this structural imbalance in foreign money markets that forced us in 1963 to apply an interest equalization tax on long-term portfolio credit to foreigners in developed countries. And it is this structural imbalance that makes it clear that whatever domestic reasons may justify them it would be folly for us to try to stanch the flow of U.S. funds abroad by restrictive monetary policies aimed at raising interest rates in this country to the structured high levels of the countries of Western Europe, and of Japan. Foreign borrowers were not daunted by two rises in the U.S. discount rate, in July 1963 and in November 1964. Before the latest increase in the Reserve System's discount rate a few days ago the gap was as big, if not bigger, than it was previous to the 1963 rise in the U.S. discount rate. And it appears from current reports that rises in interest rates in Western Europe will rapidly wipe out any temporary narrowing of the gap which might have resulted from the recent action of the Federal Reserve Board. Long before we could level rates here and abroad through this process, we would drive this country into a recession that would reduce the attractiveness of investment here and increase the attractiveness of investment abroad, aggravating rather than improving our balance-of-payments position.

But action the other way around could help, and we should be gratified that some progress is being made.

The various efforts publicly made that I referred to earlier were paralleled by efforts in Working Party 3 of the OECD to get that organization to grip the problem and give it long deserved attention. We were gratified when the OECD Ministers at their annual meeting in November 1964 agreed that the organization should undertake to study the ways in which the OECD could assist countries in increasing the efficiency of their capital markets, and of reducing restrictions. Since then the problem has been under review by three groups of experts set up by the Committee on Invisibles. This Committee is to receive the reports early next year on sources of savings, the channels for their transfer into productive investment and the use of savings, among the various countries.

This is progress, but at a disappointingly slow pace. Every effort must be made to step up the pace and to insure that appropriate recommendations are given attention at high levels of policy decisions so that they are translated into action as promptly as possible. Only then can we move, as we should, boldly into a free world where capital can flow freely in international markets attuned to the needs of today and tomorrow. Those needs are both urgent and deserving of attention.

Until there are great improvements in capital markets abroad, the United States will be hampered in its efforts to bring its foreign payments into sustainable equilibrium without some interferences with the free flow of funds. While U.S. private internal money markets are efficient and relatively free of controls, and European markets are controlled or inefficient, or both, there will be—lacking conscious restraint on our part—a strong tendency for the rigidities and insensitivities of Europe's capital markets to impel excessive resort to U.S. capital markets by both developed and less-developed countries.

Reduction and removal of tax barriers to trade and investment

A simple tax law can nullify the most liberal trade and investment policy, and simple tax laws often do so. Taxes are one of the major nontariff barriers to increasing the economically desirable exchange among nations of their goods and services. U.S. taxation of foreign investors is a major restraint on the flow of foreign investment funds to this country, and that flow needs to be increased to help right our balance of payments.

A free world looking to the growth of international trade and of international investment as major factors promoting sound economic growth, and the improvement of living standards, needs to sweep away the tax barriers to trade and investment.

As I have already indicated, I was privileged to head a task force established by President Kennedy as part of his program for bringing our balance-of-payments deficits to an end, and continued by President Johnson. Our task force was charged with developing programs to promote increased foreign investment in U.S. corporate securities and increased foreign financing for U.S. corporations operating abroad. A major part of our recommendations dealt with means for simplifying, reducing, or eliminating taxation, here and abroad, standing in the way of the development of a stronger and deeper free world interdependent economy. As examples of the type of action needed to clear away the barriers in this area let me cite our main conclusions.

The U.S. Government should proceed unilaterally to reduce or eliminate a number of tax obstacles to investment in the United States. We should not wait upon the negotiation of reciprocal action by other countries on their impediments to the sale of dollar securities abroad because this is a slow process and we need to get the balance-of-payments benefits quickly. We accompanied this with a series of seven recommendations for specific tax actions aimed at making foreign investment in U.S. corporate securities easier and more profitable.

Many of the improvements our task force recommended are embodied in new income tax treaties the United States is now negotiating in the course of an extensive revision of its income tax agreements with developed countries, prompted by recent changes in the corporate tax systems of the European countries and the adoption in 1963 by the OECD of a Model Income Tax Convention. The pattern emerging from these negotiations provides a widened flexibility to international trade and investment activities between the United States and Europe.

The elimination of all sorts of nontariff barriers to trade, including elimination of tariffs disguised as taxes, is one of the major objectives of U.S. negotiators in

the current, Kennedy Round, talks with our trade partners for world trade liberalization.

The reduction of barriers to the freer flow of international trade

This Kennedy Round of trade talks now going on at Geneva—so called because the talks were made possible by new tariff reduction authority granted by the Congress to the President at President Kennedy's request—is the boldest approach to multilateral liberalization of barriers to international trade which the United States has ever undertaken. We are firmly committed to bring this historic effort to a successful conclusion.

Thus far in the negotiations we have exchanged offers for an unprecedented 50-percent reduction in tariffs on a broad range of industrial products. In agricultural products, initial offers were exchanged in September of this year. The European Economic Community was unable to join in this exchange, but the other participants maintained the previously agreed schedule with the understanding that the EEC would make its offers as soon as practicable.

One of our objectives in the Kennedy Round is to maximize trade benefits to the exports of the less-developed countries, and we are now actively engaged in talks for this purpose with more than 20 developing nations. I would like to state that there are wide benefits for such countries in the offers which the United States has put down.

In addition, we are conscious of the danger that the effect of significant tariff reductions could be impaired or nullified by nontariff barriers. Such trade barriers, as I stated above, are therefore an important sector of the negotiations.

If we hope to secure reduction of barriers to our exports, we must be prepared to liberalize U.S. practices which our trading partners view as barriers to their exports. Mutual concessions are the key to the success of the Kennedy Round. And the success of the Kennedy Round is a matter of highest importance to the continued economic strength of the free world.

At a time when centralized governmental planning and direction of economic development is practised even in some of the industrialized nations of the West the winds of competition from international trade become particularly important. In these circumstances, competitive international trade is rapidly becoming not only the best, but in a growing number of instances, it is almost the only reliable manner of testing the costs of labor and capital, of measuring relative efficiency, and of indicating where investment is needed, where it is already sufficient or in surplus, and what movements are justified in prices and wages.

Should the Kennedy Round aim of greatly reducing tariffs and other impediments to international trade competition fall victim to economic nationalism or regionalism, the free world stands in danger of growing economic distortion and inefficiency perpetuated by an inward looking illusion that all is well. In these conditions, some economic growth can, of course, continue. But judged by the standards of the rapidity of economic growth, and the stability and the widespread real benefits to be gained from growth taking place under competitive conditions, the advances under restrictive conditions will be niggling, the benefits will tend to be more illusory than real due to disguised inflation, and, worst of all, the free world will tend to pull apart into a congeries of closed units huddled up each with its own protective system, each unaware that it is lagging far behind its potential because it permits no comparisons.

If there are any here who take this as a flight of the imagination, I invite them to take a look at the nations—each imprisoned with its own central plan—of the marxist persuasion, where the abolition of competition in all of its creative forms has worked precisely such a miserable result as I have just been describing. It can happen to the free world, and it is not even necessary to be marxist, the immense benefits of market competition can be lost just as easily without doctrine as with its guidance.

The need for new international monetary arrangements

The free world can help to assure continuing economic growth by reaching decisions at an early date that will provide for creating a supplementary form of international reserve asset, to insure that there can be an adequate increase in world monetary reserves in the future.

World monetary reserves increased during the 6 years, 1958-64, by approximately \$17 billion, and nearly \$13 billion of this amount was in the form of dollar reserves. Such a large addition to the official dollar holdings of foreign countries was made possible by our large balance-of-payments deficits.

As our balance of payments moves into equilibrium, we will no longer supply the rest of the world with large annual additions to reserve holdings. Without an alternative source for growth in world reserves, the pace of the world's economic growth in the future could be endangered.

Here again, as with international trade, unless we commit ourselves to growing interdependence—and look to interdependence to insure our growth—there are potential dangers of free world fragmentation. If the limited supplies of new gold production are not supplemented by arrangements to create additional reserve assets, countries finding that their reserves are not increasing—while the economic expectations of their people do increase—may drift, consciously or unconsciously, into restrictive domestic and external policies.

To provide for continued economic growth in the Atlantic Community we must find the feasible means of assuring that reserves or credits will be available to deficit countries in amounts and on terms that are consistent with the realities of the adjustment process in a world of fixed parities where sharp deflation or stop-go patterns of economic growth are not acceptable alternatives.

There is no simple statistical test for the adequacy of reserves. However, it is worth noting that even the very large aggregate additions to reserves of foreign countries, outside the United States, during the past 6 years, did not avoid a moderate decline in the ratio of reserves to the annual value of imports. Reserves stood at 41 percent of trade value in 1953 but fell to 38 percent in 1964.

Representatives of what is known as the Group of Ten—10 leading industrial nations of the West—are currently seeking a basis of agreement on improvements needed in the international monetary system, including arrangements for the future creation of reserve assets and credits as and when needed. This work is going forward on an accelerated schedule, and a report on the progress made has been requested by the Ministers in the spring of 1966. When these major countries shall have found a basis for agreement, I have urged—and my colleagues in the Group have agreed—that there should be a second stage, to permit broader consideration of questions that affect the world economy as a whole, including the developing countries as well as the advanced countries.

President Johnson gave the annual meeting of the International Monetary Fund in October, a thumbnail assessment of this situation that is highly accurate for all its brevity. He said:

This is not a matter of an immediate crisis, but it is a matter on which we must begin to act—now. We must begin now to provide machinery for the creation of additional reserves. Gold alone will not be enough to support the healthy growth the entire world demands.

The interdependence of the developed and less-developed countries

The interdependence of the world in which we live is not a simple two-way street running among the developed nations. There are many side streets, and they lead off from our well-lit world glowing with promise into dark precincts where poverty is the rule. The developed countries are not independent from the less-developed world because, in the first place, the less-developed world is part of mankind, and so long as part of mankind is sick, we cannot count ourselves completely well, or safe from the same sickness.

We are economically interdependent with this world because it provides us with most of our raw materials, and because, as its markets grow, it will increasingly be an outlet for our ever increasing ability to produce goods and services.

And we are interdependent with this world because we want it to remain open for the development of the ways of freedom that have made us strong and that offer the best hope for a future world strongly knit together, in peace, by shared economic and social progress.

But it is not enough simply to realize that we have compelling reasons for assisting the less-developed nations toward a better life, to succeed in helping them.

For one thing, the task is so gigantic that we need a much greater commitment to the sharing of the task among the developed nations than we have had, if we can hope to make visible progress with it.

There have been many estimates of what is needed to support adequate growth in the developing countries. In 1964 some \$6 billion in net disbursements of official aid went from the industrial to the developing countries and the flow of private long-term finance added another \$2.9 billion. What of the future?

The Annual Report of the World Bank gives a staff estimate that some \$3 billion to \$4 billion a year more than present flows of development finance could be effectively used. I am not going to give or endorse any specific estimates, but

the magnitude of the task is, to say the least, impressive. So also is the magnitude of external debt problems. From \$10 billion in 1956, outstanding international debt of developing countries reached an estimated \$33 billion. The amount of foreign exchange needed annually to service this debt rose even faster—from \$800 million to \$3.5 billion. It can be expected to rise even more rapidly in the future.

I believe that one of the major advances in international cooperation in development assistance is to be found in exploitation of one of the facets of the international monetary situation we have just been discussing. I noted that there has been a vast outflow of dollars in recent years, and that these dollars that have lodged abroad represent our balance-of-payments deficits.

To a considerable extent, they show up in the accounts of other countries as balance-of-payments surpluses.

I repeat now what we have suggested before: one of the major elements in a long-term solution to the world payments problems lies in finding better means of placing balance-of-payments surpluses back into circulation. One of these better usages of payments surpluses, I suggest, would be found in increased commitments by surplus countries to development assistance.

There are many concrete channels for increased cooperation. The International Development Association, for example, was brought into being to meet some of the urgent needs I have described. On a multilateral level, it mobilizes resources from the developed countries to less developed and does so on the kind of easy repayment terms that makes sense in providing means for development consistent with the mounting burden of debt repayments by the less-developed countries. We have done, and hope to continue to do, our part in this worthwhile, sound affiliate of the World Bank. We look for others to share more in this endeavor and we are willing to consider doing more provided that the burden sharing by others is forthcoming.

In the light of the realities of international finance, ways and procedures should be found to reflect the willingness of the developed countries to shoulder these larger commitments, subject to the condition that when the time to fulfill them arrives, the expanded obligations need not be performed by those developed countries in serious balance-of-payments difficulties. This type of arrangement, looking toward the acceptance of increased development aid responsibilities by surplus countries, makes sense from both international monetary and development standpoints.

There are other ways—bilateral and through the regional financial institutions—in which needs can be met. Not one alone, or two, but all those in a position should see how best to respond to the need and to share realistically in the response.

One of these responsibilities, and one, I may add that is not at present being adequately shared by the advanced countries of Western Europe, is presented by the Asian Development Bank. In Manila on December 4, more than 20 Asian, American, and European founding nations signed the new Bank's charter but left the books open until January 31 for other countries to become founding members, and for those who have already signed to increase their subscriptions so as to bring the capital of the Bank up to the full authorized figure of \$1 billion.

The Asian nations have accepted responsibility for \$650 million of the authorized capital, and are very near to that mark. Of this, Japan has pledged \$200 million. Of the remaining \$350 million, the United States has accepted responsibility for \$200 million and pledges have been made by Germany, Canada, the Netherlands, Italy, the United Kingdom, Belgium, and Denmark. However, these nonregional pledges are not sufficient to fill out the \$1 billion authorized capital needed to launch this highly important new venture in East-West interdependence with the funds it should have to start its work.

In sending the U.S. delegation to Manila to sign the Charter of the Asian Development Bank, President Johnson said:

I regard the organization of this great new institution as one of the most hopeful events of our times because the Asian Development Bank has been put together by Asians, and because they themselves are contributing the greater part of its capital and will direct its lending for development in Asia.

Even so, I should note that the problems of Asia are of an order and a diversity requiring the widest possible participation in their solution by the economically better developed nations. Consequently, it is my hope that the industrialized nations that have not yet signified their support of the Asian Development Bank will do so, and that other nations will carefully assess the adequacy of their capital subscriptions.

I think that you will agree with me when I say that it is not too much to expect that this hope will be fulfilled.

A valuable public agent for private economic growth in the Atlantic Community: the OECD

A good deal has been said in my remarks about the Organization for Economic Cooperation and Development. What has been said reflects the fact that this Organization fills an essential spot, and does vital work, in the Atlantic Community and the free world.

I think the OECD's work—and its even greater potential as we come ever closer to grips with the problems and possibilities of interdependent Atlantic Community and free world development—is so important that we should be certain that it is as capable as we can make it. To this end, I am wondering if the time may not have come for the member nations to take a new look at OECD, after the passage of nearly 5 years, with the objective of making any institutional changes that such an examination might suggest, and also with the objective of giving the OECD new working instructions fully in keeping with conditions and opportunities as they are now, and as they seem to be developing.

A valuable private agent of interdependent economic development: the multinational company

Let me close now by getting down to the working force that has to accomplish most of the international interdependent economic development among developed as well as among less-developed countries. This is the multinational company.

If we place some restraints upon the dollar outflow of U.S. multinational companies now, it is only because it is temporarily necessary to do so in order that they may continue to function in a safe and healthy world environment. Unless the dollar remains sound—and it cannot do so if great surplus pools of dollars develop around the world as the result of chronic U.S. payments deficits—unless the dollar remains strong, American corporations cannot remain strong. And unless we continue with the economic and military assistance around the world that creates a better environment for all of us to live and work and for private institutions to flourish, the investments of our multinational companies cannot be regarded as sound enterprises. So the fact of life is, that the multinational company, valuable as its contribution is, must be willing to moderate its activities on a temporary basis sufficiently to help pay the costs of maintaining a safe and sound world.

Today, we have all come to a far greater appreciation of the importance of the private sector in our Nation's role as a leader in world affairs especially of the importance of our multinational companies. It is difficult to overstate their importance to continued growth in the free world economy, particularly among the less-developed nations.

The expansion of international trade, the freedom of money to flow across national boundaries, the welcome extended to foreign business units, the stimulating effect of broadened competition, and the spread of technical and organizational knowledge—these hallmarks of multinational business have helped to bring an expanding, more integrated and efficient structure to the West since World War II.

And there is no doubt that, given these same conditions, plus some reasonable assurance against state confiscation, state competition and discrimination against foreign enterprise, the multinational corporations can make significant contributions to the emergence of viable and free economic societies in the less-developed countries.

But certain facts must be faced. In many of the less-developed countries, the rising tide of nationalism mixed with state intervention or discrimination in varying degrees has created an uncongenial atmosphere for multinational private business. Indeed, the same trend is evident in some of the developed countries where multinational companies have become well established.

So today—with multinational business at an alltime peak, and the multinational corporations of the developed countries who are members of the OECD possessed of the greatest potential for international economic development in history—the dangers and opportunities match each other in equal challenge.

I think this brings us to a good parting point.

We are interdependent, as countries, as developed and less-developed worlds, and as public and private sectors.

If we have learned anything about the solution of economic problems, one of the great lessons is that lasting progress arises out of expanded economic resources.

What we need for the development of a stronger free world—including, at the very heart, a stronger Atlantic Community—is to put these lessons together. Let us develop our trade and our investment policies, public and private, in ways that permit the maximum sound economic expansion, as a growing pool of economic resources for the use of each of us for the benefit of all of us.

And let us, in realization of our interdependence, continue that development of international cooperation and collaboration that has become the hallmark of the free world in the last few decades, to the end that we bind ourselves ever more firmly into a matrix of peaceful progress and development, open to an ever widening membership of countries willing to believe that their maximum individual benefits will be found in the maximum common gain.

Exhibit 45.—Remarks by Secretary of the Treasury Fowler as Governor for the United States, April 27, 1966, at the seventh annual meeting of the Inter-American Development Bank, Mexico City, Mexico

It is a pleasure indeed to participate in a meeting in this great and beautiful capital city of Mexico. As a representative of the United States, I am particularly happy at this opportunity to visit our close and good neighbor. The bonds between us were demonstrated eloquently during the recent visit of President Johnson to dedicate a statue of Abraham Lincoln as a gift of the people of the United States to the people of Mexico. The visit was a deeply moving reaffirmation of the mutual feelings of respect and friendship which unites our two peoples.

It is particularly fitting for the Governors of the Bank to meet in Mexico, which long ago adopted under its resolution, and in many ways has illuminated, the principles of social and economic progress espoused in both the Charter of Punta Del Este and in the charter of the Bank. I am sure I speak for the other Governors as well as for myself in paying special tribute to the extraordinary accomplishments of this great country in promoting economic development and social justice. May I also express my delegation's gratitude for the splendid arrangements provided by our Mexican hosts for the conduct of this meeting.

In contrast with other Governors present who have attended several of the Bank's meetings, I am here as a novice. I am able, however, to point to some previous association with the Bank in my earlier tenure as Under Secretary of the Treasury as well as during the past year in which I have served as Secretary of the Treasury and U.S. Governor of the Bank. I was honored to be present, for example, on the occasion of the signature in 1961 of the Social Progress Trust Fund Agreement by the late President Kennedy and by our own President Herrera.

I regard this meeting as a welcome opportunity to listen and to learn from my fellow Governors, as well as from the distinguished President of the Bank.

Before beginning my own remarks, however, I am greatly pleased and honored to convey a message to this distinguished assemblage from the President of the United States. I quote:

Ten days ago it was my privilege to share the beauty and hospitality of this gracious city.

On that occasion I urged that all of us in this hemisphere work together to open up new paths and breathe new energy into our efforts to give the Alliance for Progress increased momentum.

As we carry forward our truly revolutionary cause, four areas of major endeavors must be:

Higher agricultural production to feed our growing populations and to meet our expanding industrial requirements;

Better education to open the door to intellectual fulfillment for all our people and to equip them with the skills of modern technology;

Improved health facilities to protect our populations against the ravages of disease and to insure that they achieve maximum accomplishment in work and leisure; and

Wider economic integration to achieve a more rational utilization of Latin American resources and thereby to accelerate economic growth and social progress.

It is a great source of personal satisfaction to me that under my administration, the U.S. Congress has authorized the provision of \$750 million for the Bank's expanded Fund for Special Operations. The Bank, under Dr. Herrera's distinguished leadership, is making a strong contribution to the success of the Alliance for Progress by emphasizing in your new program the four areas which I have described, you are placing the Bank in the forefront of a new, dynamic effort. I commend you for your vision and initiative.

Mr. Chairman, the Bank has recently marked two significant anniversaries. The 1st of October of last year marked the fifth anniversary of the date on which the Bank officially began operations and in February of this year, the Bank completed 5 years from the date of approval of its first loan. This is an appropriate time, therefore, for the Governors to review the record of the Bank's operations during the first 5 years of its existence, and to examine its role as it has evolved and should evolve in the future. Moreover, we have just passed the fifth anniversary of the launching of the Alliance for Progress which has been marked by an assessment of the problems and accomplishments of this initial period, as well as by the new initiatives launched by the Inter-American Conference at Rio de Janeiro. This would appear to offer a good opportunity, on my part, to review the role of the United States in relation to the Bank and to the development efforts of the Latin American countries.

The annual report of the Bank and the excellent presentation by the President of the Bank have illuminated the record in a manner that leaves little need for further review. It is an impressive first 5 years: loan commitments totaling \$1.5 billion to help finance total investments of over \$4 billion, and disbursements of approximately \$600 million. It can be estimated that the Bank's disbursements have resulted in completed investments on the order of \$1.5 billion, or an average annual rate of about \$300 million. This is a remarkable achievement for an entirely new institution to have accomplished in so brief a period.

The Bank's operations, moreover, have been proceeding recently at an accelerating pace, and are assuming increasingly greater significance in the total flow of external funds to Latin America. During the 5-year period, the total fresh commitment of external funds for long-term loans and grants by the United States and multilateral development agencies aggregated \$7.5 billion. Approximately \$1.4 billion of these commitments were made by the International Bank for Reconstruction and Development Group, and \$4.6 billion represented various bilateral assistance programs of the United States. The \$1.5 billion of the Bank's commitments, including U.S. assistance through the Social Progress Trust Fund, represented about 20 percent of the aggregate 5-year total.

An outstanding feature of the record during its first 5 years of operation is the Bank's proven ability to raise funds in private capital markets. As we all know, it is no mean task for a relatively new and unseasoned institution—regardless of the backing provided by its member governments—to meet the standards, and to generate the confidence required, to place its debentures at reasonable cost and on long term. As of the end of 1965, the Bank had successfully placed \$285 million of its long-term bonds. Issues in the U.S. market totaled \$225 million, while issues in the European markets were a disproportionately, and disappointingly, small \$60 million. Despite persistent and energetic efforts, the Bank has experienced directly one of the crucial problems of the moment—the lack of an adequate long-term capital market in Europe.

It is with considerable satisfaction that we have learned that the Bank—since the period covered by the annual report—has been able to place its bonds to the extent of an additional \$89 million, in markets entirely outside the United States, in two operations of considerable significance. A \$24 million long-term issue was placed in Italy this year, bringing the contribution of that country alone in this form of \$48 million, or \$12 million more than the long-term capital which the Bank has been able to raise in all the other European markets combined. The positive attitude displayed by the Italian authorities and investment community toward the Bank is indeed gratifying and should be welcomed by all its members. The Bank placed \$65 million just this month in short-term issues, of which \$57 million was subscribed by the Latin American members themselves through their central banks. The Latin American members of the Bank were already in the position of creditors as well as borrowers from the Bank, having initially subscribed to the paid-in capital in gold and dollars, as well as their own currencies, and to the callable capital in which they assumed a contingent liability of the Bank. This further tangible support of the Bank by its borrowing members not only provides new eloquent testimony of the confidence with which the Bank is viewed by its members, but further strengthens the reciprocal creditor/debtor

relationship between the Bank and its members. At the same time, the multilateral nature of the Bank has been further underscored, giving all members an equal interest in assuring that the resources which they have together contributed are utilized in the most effective manner possible. This generous response to the Bank's needs has opened the way to new forms of cooperation between the Bank and its members which I am confident will be strengthened and made ever more fruitful in the years ahead.

Clearly, the Bank has grown substantially in its first 5 years, by all quantitative tests, and has become a very substantial source of financing for Latin America's social and economic development. But there has been qualitative growth as well, reflected in the Bank's present stature as a prime and respected source of technical advice and assistance to its members, and in its proven ability to provide leadership and to speak with authority in the affairs of the hemisphere. The great prestige of the Bank is reflected in commonly employed references to the Bank as "The Latin American Bank Par Excellence," the "Bank of the Alliance," and the "Bank of Integration."

The Bank antedated the Act of Bogotá as well as the establishment of the Alliance for Progress and the Charter of Punta Del Este. But as these historic programs were promulgated, the Bank was quick to take up its proper role within them. Even as it was on the point of beginning its operations, the Bank assumed the new responsibility of administering the Social Progress Trust Fund, which gave expression to broader areas of direct concern to the Bank than had been traditional in the development lending concept. In discharging its responsibilities as trustee, the Bank has developed and expanded the practice of looking beyond the immediate impact of individual projects toward the intimately related but broader questions of institutional change and social reform, and individual country efforts to further social progress as an indispensable prerequisite to effective utilization of loans for specific projects.

The experience of the first years led logically to the conclusion that the purely social and the purely economic areas of activity were in reality so closely linked as to be inseparable. Pursuing further the principles recognized in the Act of Bogotá—that economic development rests ultimately on social justice—the Governors of the Bank wisely decided in Panama 2 years ago to expand the Fund for Special Operations and to merge into its operations those activities previously conducted by the Social Progress Trust Fund as a separate entity for purely social objectives.

Simultaneously, the Bank moved toward programing all of its activities—in individual countries and in the region—in relation to the comprehensive policy objectives of the Alliance for Progress and the progress of self-help efforts in its member countries needed to attain them. With the establishment of the Inter-American Committee for the Alliance for Progress (CIP) an effective inter-American organ came into being for the continuing review of country programs and the role which all the external lending agencies, the Bank included, could play in strengthening these programs. Participation in the work of the CIP, as benefits the principal financial instruments of the inter-American system, affords the Bank an opportunity for making its voice heard in the week-to-week review and implementation of multilateral policy, as well as in the various annual ministerial meetings at which the Bank is represented.

The Bank has played an active and leading role—under the inspired leadership of President Herrera—in constantly emphasizing and stimulating forward movement in the process of economic integration in Latin America. The Bank has already initiated two significant programs directly affecting the process of integration. The export credit facility is important as a catalyst to stimulate the growth of trade and direct cooperative relationships between individual members of the Bank in jointly furthering development. And the establishment last year of the Bank's Institute for Latin American Integration will assist in providing the necessary training and research, to explore in depth the problems of integration, and to support the efforts which are being made by governments toward the objective of a free trade area.

Indicative of the fact that the Bank's growth has not stopped, and will not, is the new initiative on economic integration which is before us for action at this meeting. I refer to the proposed establishment of a fund within the Bank to finance feasibility studies of multinational projects. My Government wholeheartedly supports the proposed resolution on this fund and will be prepared to reinforce the Bank's resources by providing supplementary loans for large-scale feasibility studies when preliminary investigation under the Bank's auspices indicates their desirability.

We have before us as well at this meeting a proposed resolution calling for a study of the Bank's future need for an increase in resources. I am pleased to indicate the full support of my Government to this proposed resolution. The Bank's ability to exercise leadership in the shaping of Latin America's future is obviously dependent on the continued availability of adequate and appropriate resources. I shall look forward with interest to the results of the study by the Board of Executive Directors, which I am sure will once again display the high standards of competence we have come to rely on.

In consideration for the Bank's future need for resources, and in determining our response to this need, all of us need to give fresh thought to the Bank's operations and policies, of their future direction, and of the Bank's future role in the continuing movement toward the objectives of the Alliance for Progress. I should like to touch briefly upon one or two questions which appear to me to commend themselves for special attention.

I believe we need to give greater attention to the sectoral needs—in addition to global needs—for Latin American development. Foremost among these, I would urge special thought to the problems of agriculture and food, and the further intensive promotion of the economic integration movement. The Bank's annual report indicates that in the first 5 years of its operation the Bank's cumulative lending in the field of agriculture was 21 percent of the total. Does this figure reflect the proper distribution of emphasis which we should place on our operation during the next 5 years? Are we doing enough, for example, to meet the critical problem of mobilizing and developing human resources to the critical task before us? I can appreciate from my own experience the problems which the governments of Latin America must face in finding a sufficient number of properly qualified and dedicated public servants in such key fields as taxation and public finance, and I wonder whether the Bank, in cooperation with other international and national lending agencies, could not plan to make a more intensive contribution toward the solution of this type of problem. Agricultural development and food production are assuming increasingly critical importance in the world today. With Latin America's vast resources of fertile and productive land, could the Bank do more to assist in developing Latin America's food production so that its needs for proper nutrition are more promptly and fully met? In addition to purely national efforts in this area, there are aspects of the food problem which would appear particularly fruitful to approach by means of multinational efforts—to open up new areas in the hemisphere, and to develop an industrial base to service agriculture by the production of fertilizer and pesticides, and modern tools and equipment.

As we ponder over the Bank's future direction and its needs for resources, I believe that it will become apparent that increasing emphasis must be placed on self-help efforts. The needs of individual countries, and the needs of the region, for external resources to finance high priority productive projects are apt to expand as the momentum of economic and social advance accelerates. It becomes increasingly necessary for all the members of the Bank to maximize the mobilization of their own domestic resources, and to devote them to the most productive purposes. Continued progress on tax and fiscal reforms will be necessary, as well as rigorous efforts to eliminate nonproductive expenditures in favor of sound social and economic investments. I know the very real efforts now underway toward this end. Just before leaving Washington, I was fortunate in meeting with a number of directors general of taxation from Latin American governments who have been working with our Internal Revenue Service, and I had the opportunity of learning firsthand of the progress being made in the face of very difficult problems and obstacles.

The Bank has at its disposal scarce and increasingly expensive resources in the form of foreign exchange which are of especial value since, unlike domestic resources, they may be used to purchase abroad additional goods and services of a directly productive nature.

To the extent that demands are placed upon the Bank to finance directly or indirectly unproductive or low priority expenditures the entire region suffers by the failure to reap the benefits potentially available from the Bank's resources.

The financing of local costs with loans in foreign exchange can serve, and has served, a critical function in mobilizing resources for development—particularly social development. I believe we must ask ourselves, however—both in view of the limitations on local cost financing in the Bank's charter and in view of the Bank's limited resources—how far the Bank should go in providing such financing. With continued progress in rationalizing tax structures, improving tax adminis-

tration, and the restructuring of public expenditures to eliminate elements of waste and nonproductive expenditures, it should be possible for the members themselves to finance an increasing share of the local currency requirements of projects; with benefits accruing to all the members of the Bank from the enhanced availability of bank resources for high priority external uses and from a structure of external debt accumulation by individual countries consistent with the growth necessary to service such debt.

It is clear that there will be a great and continuing need to emphasize discipline both on the part of the Bank in forming its future operations, and of all its members, in the interests of our common objectives spelled out in the Charter of the Alliance for Progress. Insofar as my own Government is concerned, the first 5 years of the Bank's operations have coincided with a period in which the United States has been particularly subject to discipline and restraint in its balance of payments. Although we have made considerable progress toward the solution of our balance-of-payments problem, the time has not yet come when we can afford to relax, and I cannot yet say when that point may be reached. In addition to the uncertainties inherent in the situation, we are facing particularly in the current year the imponderables of developments in Vietnam and their effects upon our balance of payments—both directly and indirectly through their impact on our domestic economy.

The balancing of our external payments is an objective which two U.S. Presidents have affirmed to be a matter of the highest national priority. We must and we will bring to an end the succession of deficits which we have incurred in recent years. Yet with all the restraints which this objective necessarily imposes upon us, we have insisted on pursuing this goal in a responsible manner:

- Responsible toward our economy, whose continued vigor and growth lies at the very heart of the long-range solution of the balance-of-payments problem;
- responsible toward the peoples of Latin America and the rest of the developing world: the well-being of the developing nations relies to a great extent upon the maintenance of an expanding economy in the United States and other industrial nations, and the well-being of the developing nations, in turn, is vital to the economic and political interests of the free world industrial nations;
- responsible to foreign governments and central banks, and countless other banks, business firms, and individuals, who have maintained confidence in the dollar, and with whom we will not break faith by adopting any facile but irresponsible solution to our payments problem. Although we have approached the solution of our payments problem in a responsible way, we remain concerned nonetheless over the potential problems which may emerge under conditions—which would be unique in the post-World War II period—where the United States no longer provides by its deficits the international liquidity needs of the rest of the free world. It is for this reason that we have been concerned to prepare the way now, in advance of any potential crisis detrimental to us all, for a reform of the international monetary system.

As the Governors are aware, discussions are now underway with a view to assuring adequate and timely future reserve growth. I wish to welcome the understanding and interest which Latin American nations have displayed in connection with this matter.

As I indicated in my address to the Governors of the International Monetary Fund last Fall, all nations have a legitimate and vital interest in the reform of the international monetary system, and we have proposed arrangements to assure that their views will be heard at appropriate stages in the discussion of this reform.

We have not been deterred by our balance-of-payments problem from the responsibility of continuing our support of development efforts throughout the world through the continuation of our extensive foreign assistance program. In the case of social and economic developments in Latin America, the figures cited earlier demonstrate our continuing involvement.

There is not, and there will not be, any weakening of our resolve to provide adequate and appropriate assistance designed to achieve our mutual objectives under the Alliance for Progress.

As I have suggested should be done in relation to the future of the Bank, the United States is also engaged in a continuing reassessment, in consultation with aid recipients, of the aims and methods of its bilateral assistance programs. We have recently resolved to give greater attention to the critical bottlenecks to development in the areas of food production, education, and health. We con-

tinue to be concerned with the structure of the debt burden being accumulated by the developing nations, and we intend to press other capital-exporting nations to expand their assistance on terms consistent with reasonable expectations of the ability to service debt.

As the Governors are aware, the United States has made efforts in recent years to provide assistance in the form of transfers of real resources rather than merely financial resources. This practice of so-called aid-tying toward this end is an indispensable condition of U.S. assistance programs in our present balance-of-payments circumstances. We share completely the view that in the ideal world, foreign aid should not be so conditioned. In the rest of the world, however, we find that the distribution of assistance funds by individual donor countries bears no relationship to the presence of payments deficits or surpluses, that is, to the ability to finance transfers of financial resources. We find, indeed, a combination of relatively short-term finance, high interest charges, and tied procurement in the case of some industrial nations clearly able to provide assistance on more liberal terms. I ask the Governors to understand that under these conditions the United States has no option, in continuing its own foreign assistance program, but to take whatever steps are needed, in cooperation with aid recipient countries to insure that our aid takes the form of a flow of additional real resources from the United States.

The program of responsible restraint on which the United States has embarked as a part of the measures to eliminate our payments deficit has included, in addition to an interest equalization tax imposed on foreign access to the U.S. capital market, a voluntary program whereby banks, other financial institutions, and corporations have limited their investment of funds abroad. In all of these programs, special care has been taken to exempt the developing nations, or (as in the case of the foreign bank credit program) to make clear and to emphasize the high-priority nature of a continued and adequate flow of private funds to meet the needs of the developing nations. We have also continued various official programs—through AID and the Export-Import Bank—to insure loans and investments made by our citizens in Latin America and other developing nations.

We have been guided to a large extent in these actions by the provisions of the Alliance for Progress Charter which stress the need to encourage and stimulate the flow of private investment funds into Latin America. The benefits to be derived from such flows go far beyond the merely financial; and are a vital force in the process of economic development. For such financial investments are accompanied by the introduction of modern plant and technical processes, training of local manpower—both skilled labor and executive and managerial personnel—with an infusion of modern business methods and attitudes.

In a sense, such investments can bridge a century within a matter of years. Latin America has a unique opportunity at this time to take advantage of the unrestricted potential, and the available guarantees, for U.S. private investment. But exemptions and guarantees by the United States will not of themselves increase the private investment flow into Latin America. Such inducements are of no avail unless potential investors are convinced that they are welcome, that there are reasonably good prospects for economic and political stability and progress, and that the conditions under which they undertake to invest are not in constant jeopardy of being overturned to their detriment. Foreign investors will also respond to the creation of favorable conditions for their entry via the continued lowering of trade barriers and enlargement of free trade areas, and the development of policies which will lessen restraints on the repatriation of reasonable profits.

I believe there has developed in recent years a growing awareness among potential U.S. investors—and this is true to a particularly high degree of the great multinational corporations—that it is incumbent upon them to maintain appropriate standards of conduct, including a sense of community and national responsibility in the host country, and to take account of the traditional and legitimate aspirations of the developing nations to participate in shaping their own economic advancement.

My Government believes that the maintenance of conditions favorable for both domestic and foreign private investment is an indispensable feature of sound and constructive economic development. Public funds and initiative alone, foreign and domestic, cannot successfully accomplish this task. My Government is convinced of this proposition, because we have seen time and again the unfortunate results of a contrary policy which destroys confidence in the private sector. We view the inducement of foreign private investments as a particularly critical measure of self-help, without which the purposes of external public assistance are thwarted and impossible to attain.

My Government has welcomed various initiatives which would help to clear the air of misunderstandings which have existed in these matters and would provide a suitable framework within which we could all get on with the common task before us. We have for some time, from the early days of the Marshall plan in Europe, maintained a network of bilateral investment guarantee agreements. At the recent Inter-American Economic and Social Council meeting, the U.S. delegation commended to the study of Latin American governments a multilateral instrument which would establish uniform procedures whereby individual participating governments guarantee the investments of their nationals in other participating nations. Such an instrument could be of special interest and value to several of the Latin American countries which are beginning to develop, or can look forward to the eventual development, of a flow of private investment into other countries while themselves continuing to receive private investment flows from abroad. There is now underway in the International Bank for Reconstruction and Development a study which could point the way to multilateral coverage of risks arising from investment guarantees. Finally, I believe that the Latin American governments could make a useful contribution by reconsidering their position on the IBRD-sponsored multilateral Convention for the Settlement of Investment Disputes. Thirty-six nations have now signed this Convention. A decision by Latin American nations to accede to the Convention could only have a highly beneficial impact on the investment climate in the entire region.

We have been fortunate in the past few years to witness interesting initiatives on the part of private investors themselves to develop new forms of partnership and cooperation with developing nations. The Bank has just approved a loan to the Atlantic Development for Latin America which is a unique initiative in bringing together a pool of private capital, provided by leading industrial and financial concerns of the United States, Europe, Canada, and Japan, who are ADELA's shareholders, to promote private investments in association with Latin American capital. I should also like to mention another recent move of great promise in increasing exchanges and understanding between businessmen in my country and Latin America: the reorganization on a broadened and stronger basis of the Inter-American Council for Commerce and Production. It is new directions such as these which will pave the way toward understanding and coordination, rather than conflict, between national interests and multinational business, with great dividends for freedom and a healthy economic development of the free world.

Mr. Chairman, both the Bank and the Alliance for Progress have completed their first 5 years. Many problems dormant for centuries have been attacked. Difficulties, old and new, have been encountered in the struggle for progress and they have not yet been overcome. But a good beginning has been made—enough to give us a sound basis for greater confidence in our ability to make large strides ahead in the next 5-year period before us. In the Alliance for Progress, the recent meeting of the IA-ECOSOC provided a new and useful action program and concluded that sufficient general progress had been attained to warrant greater selectivity and concentration on the key problem areas remaining for solution. The Act of Rio de Janeiro has set forth the principles which are soon to be reflected in a basic revision of the treaty of the Organization of American States. The Bank should now proceed to chart its own course for the future.

Although our attention in conducting the business of the Bank is usually couched in other terms, it is important, Mr. Chairman, that we not lose sight of the basic human objectives which animate us and the Alliance for Progress. They are the betterment of the lives of our peoples, by the elimination of poverty, malnutrition, disease, and ignorance. We seek to accomplish these objectives through a process of accelerated economic development, accompanied by social reforms and greater social justice, and all within a framework of respect for human dignity and the rights of the individuals, in a climate of freedom of expression and initiative. It is a mighty and challenging task which we have set for ourselves, but I have no doubt that in the end we shall together prevail.

Exhibit 46.—Remarks by Secretary of the Treasury Fowler, May 3, 1966, before the Chamber of Commerce of the United States, on the businessman's role and the balance of payments

I am truly glad to be here before this distinguished business group today, because—if I may borrow a phrase that may be familiar to some of you—it is a good occasion for us to reason together.

And we need to reason—in all seriousness—together.

We need to reason together because we are engaged together upon the accomplishment of a great national goal set for us by four great Presidents: to insure that the dollar as the basis for free world commerce and development will continue to be in the future, as it is today, "as good as gold." It is our task to achieve that objective without sacrificing the external military, diplomatic, and political position of the United States in a world that depends upon the United States in large measure for security, peace and freedom.

We need to reason together because your Government, instead of seeking to achieve this national goal by imposing laws and regulations upon you, and upon our economy of free enterprise, has established, with the advice of outstanding businessmen and bankers, a program of voluntary cooperation linking the American business and financial community and the American Government in a partnership of economic responsibility.

And, we need to reason together because we should be absolutely clear about an aspect of the balance-of-payments problem, and the President's program for mastering it, that is too easily overlooked:

This is not a program undertaken to attain some passing political end or far-off ideal, or to achieve any narrow objective. Quite the contrary.

We regard solving the balance-of-payments problem in a manner consistent with free world leadership as one of the most important goals of national stewardship because, if we should fail in this purpose, all of us, as individuals, as businessmen, as a Government, and as a nation, at home and abroad, at present and in the future, will be injured.

The success that the President is determined to have with this problem will benefit all of us, as individuals and as businessmen.

It will benefit all of us again by strengthening us as a nation, by way of the continued strength it gives our economic agent, the dollar, at home and abroad.

It will benefit all of us again by strengthening the fabric of international political and financial relationships which have given the free world two decades of relative security and the greatest economic advance, marked by the largest expansions of international investment and trade known to modern history.

The balance-of-payments program takes in all aspects of the country's foreign financial transactions. I will address myself today chiefly to two aspects of the payments program of direct concern to business: private capital flows in international investment and the balance of trade, i.e., the mutual exchange of goods between U.S. enterprises and the outside world.

Balance-of-payments program and private capital flows

The present balance-of-payments program, including the voluntary programs of cooperation with corporations engaged in foreign investment and operations and financial institutions lending abroad was not something hastily conceived as a first resort to meet a crisis that reared its head in late 1964. To demonstrate this I will risk taking a minute or so of your time with some recollections that are both personal and official.

In 1962, as Under Secretary of the Treasury, I was one of the people pondering the riddle of how to solve the balance-of-payments problem consistently with the preservation of economic freedom and our position in the free world. In June of that year I went to Atlanta to speak to a business group. The subject may sound familiar to you today. It was, "Business and the Balance of Payments."

Yes, we were already, 4 years ago, convinced that to solve the balance-of-payments problem we would have to depend upon the cooperation of the U.S. business community. And, we were beginning then to think, as we still think, in terms of securing the interest and the help of the American business community through a program of voluntary cooperation.

I said in Atlanta 4 years ago:

It is important to the sound development of the European countries * * * that they expand and improve their own capital and savings markets, and make every effort to remove the many restrictions which burden those markets and inhibit the movement of funds into investment * * *.

The inadequacies of the European capital market even then threatened to result in an inordinate flow of dollars to do some of the work that European capital should be doing.

With this in mind, I urged in 1962 that U.S. businessmen should "voluntarily encourage the sort of response that is necessary" along the following lines:

It is * * * important to the nation and to American firms themselves, to encourage increasing interest in investing in American securities and in the

American capital market by European institutions and individual investors. The shares of major American corporations should be listed on foreign stock exchanges, particularly in Europe and Japan, in greater numbers. American firms might also explore and seek out more fully opportunities for borrowing abroad, especially in support of the operations of their own foreign branches and subsidiaries * * *.

We sought, from the outset, a balance-of-payments program that would enable and encourage free market forces to deal with that part of the balance-of-payments problem that arises out of the shifting movements of private capital.

In 1962, speaking in Rome to an international group of bankers from Europe and North America, my predecessor, Secretary Douglas Dillon, appealed to the governments and institutions of the emerging financial powers in Western Europe. He urged them to permit and facilitate the better organization of private capital markets to increase the free flow of capital by removing the shackles of governmental restrictions that characterized most of that continent both before and particularly after World War II. The response was discouraging despite efforts later initiated in the OECD (Organization for Economic Cooperation and Development) to identify the specific impediments and to program their orderly removal.

Consequently, a disproportionate share of the burden of free world private investment continued to fall upon the U.S. capital market. This resulted in such increases in the issuance of foreign securities in the United States in early 1963 as to require the enactment of the Interest Equalization Act, along with other measures to avoid a potential threat to the dollar. This tax was designed to bridge the gap between the ready availability and low cost of money our efficient capital markets permitted and the relatively high cost and lesser availability of money in European and other industrial countries.

Yet—and this is characteristic of our approach to the balance-of-payments problem—despite the fact that we were forced by factors outside our control to resort to this measure, we sought solutions that would permit the free flow of private capital.

As 1 of 10 elements in his July 1963 program to meet this situation, the late President Kennedy appointed a task force in the fall of 1963 that I was privileged to head. This task force was composed primarily of a distinguished group of persons from all elements in the private financial and industrial community concerned with international finance. President Kennedy charged it with developing programs that resulted in recommendations designed to:

1. Improve the U.S. balance of payments by increasing foreign investment in U.S. private securities;
2. Guide U.S.-based international corporations towards making greater use of foreign-held funds where they do business; and
3. Help establish conditions under which restraints upon the flow of capital between industrially advanced nations could be removed, diminished or allowed to expire.

The first of these sets of recommendations of the task force submitted in April 1964 is now embodied in the Foreign Investors Tax Act—which we hope the Congress will enact this year—designed to remove tax discrimination against foreign investment in the United States.

The second set of recommendations is reflected in part in those provisions of the President's balance-of-payments program, and the voluntary response of U.S. business to it, that seek to moderate the outflow of dollars for investment by securing the cooperation of U.S. businesses in making use of foreign held funds to finance their foreign affiliates.

The third is concerned with an area I have already touched upon—the inadequacies, restrictions, and inefficiencies of the capital markets of other industrialized countries.

May I quote briefly on this subject from the summary recommendations of the task force report in which representatives of the Government (The State Department, Treasury Department, and the Federal Reserve Board) joined with the private members of the group:

The Department of State and the Treasury Department should take bilateral diplomatic action aimed at securing the step-by-step removal of remaining exchange controls on capital transactions between advanced capital-forming countries and the discontinuance or liberalization of special exchange markets or procedures for investment transactions.

The Department of State and the Treasury Department should * * * urge countries with balance-of-payments surpluses to relax their capital issues control in order to permit an expanded volume of international lending.

The Department of State and the Treasury Department should, through appropriate international bodies, particularly the OECD, advocate the step-by-step relaxation of monetary, legal, institutional, and administrative restrictions on capital movements, together with other actions designed to increase the breadth and efficiency of free world capital markets.

Despite U.S. efforts in bilateral and multilateral councils to encourage it, the fact is that relatively little has been done on this score in the years intervening between Secretary Dillon's admonition in Rome in 1962 and the present. This has made doubly necessary our programs for moderating the flow of U.S. dollars to other developed countries through the voluntary programs on direct investment, and lending by financial institutions, initiated in February 1965.

May I observe that history and the record will show that your Government has consistently sought to raise the banner of freedom for private capital formation and movement in the free world just as it has defended principles of free international investment and liberalized trade.

Free investment by private capital formation and movement must be an objective of all the free industrialized nations, not just of one or two, if the United States is to keep its capital market open to all demands, forego any concern with private capital outflows and at the same time protect the short term position of the dollar. We simply cannot discharge our present responsibilities under the rules of the international monetary system as it is presently constituted without taking into account what private capital flows do to our balance of payments.

Some of you may ask why we ask private companies and banks to moderate the outflow of their dollars abroad, on a short-term basis, when, over the long pull, their investments will bring back earnings that benefit the balance of payments.

The answer is that we believe the immediate benefit to our balance of payments from a moderate rate of capital outflow in this period of pressure warrants some loss of benefit in the future, when our overall balance-of-payments position is expected to be stronger. Let me give you a little of the background.

In 1958, the United States had what later turned out to be the first of a series of balance-of-payments deficits significantly larger than had been the case in earlier years. While our payments deficits had been averaging less than \$1 billion a year on both the overall and the official settlements accounting bases since 1950, in the 3 years 1958-60 they jumped to an average of \$3.7 billion on the overall basis and to \$2.8 billion on the official settlements basis.

And, as the year ended, the leading European countries indicated that the postwar gap between their need for dollars and their dollar resources, which our postwar payments deficits had been filling in, had largely been closed. They signaled the end of the famous "dollar gap" by making their currencies convertible. And they signaled the closing of the dollar gap in another way, by beginning to draw on our gold reserves, through conversions of some of their officially held dollars. U.S. gold reserves stood at \$22.8 billion at the beginning of 1958. Today, as a result of foreign gold purchases made possible by our payments deficits in the succeeding years, our monetary gold reserves have fallen to approximately \$13.6 billion. It should be noted, however, that we still hold approximately a third of the free world stock of monetary gold.

In the years 1961-64 our deficits averaged four-tenths less than in 1958-60 on the official settlements basis and ran a third less on the overall basis.

This was accomplished chiefly by measures to reduce the net impact on our balance of payments of Government expenditures abroad for military deployment and foreign aid, measures to maintain and improve our favorable trade balance, and to the increase in investment income from investments made in previous years.

The sum total of these improvements just mentioned would have nearly eliminated the deficit, if outflows from other sectors had remained unchanged. But increases in outflows elsewhere including, for example, increases in foreign bank lending, direct investment abroad, and tourism, canceled out a large proportion of the gains noted above.

The fact was that three-fifths to two-thirds of the problem remained. And, in 1964 and early 1965 an accelerating outflow of private capital, in the form of commercial bank and nonbank lending, purchases of short-term securities and direct investment was wiping out these gains at an alarming pace, threatening to send the deficit to entirely unacceptable levels.

It became unmistakably clear that our balance-of-payments program would have to confront the outflow of private capital. Through an extensive series of deliberations that included the highest levels of Government, and consultations

of Government with business and financial leaders, a program for doing this was devised meeting all of the following criteria:

1. It should diminish the immediate impact of the outflow of private funds upon our payments balance.

2. It should be consistent with preservation of the Nation's economic effectiveness and its economic freedom.

3. It should aim at a solution without disrupting international trade or economic development, especially in the less-developed countries.

The product is President Johnson's voluntary payments program announced a year ago February and strengthened and refined for 1966. In this program commercial banks—under the guidance of the Federal Reserve—were asked to restrict their loans to foreigners within reasonable limits, to give first priority to funds for export credits, and second priority to loans to less-developed nations. U.S. industrial enterprises—under the guidance of the Commerce Department—were requested to moderate the outflow of capital and undertake a range of voluntary efforts to improve the effect of their transactions upon the balance of the Nation's foreign accounts.

Under this program, the business and banking communities retain full discretion for the conduct of their affairs, weighing their own business considerations together with the broad national interest of which they and their businesses are a part. Private enterprises are asked to cooperate, and to report on their progress. There are no mandatory conditions or penalties in the program.

Let me make it clear that we fully recognize the fact that direct investment abroad ultimately returns handsome dividends to the United States in the form of repatriated earnings.

The problem very simply is that we cannot wait for the long run.

Investment outflows have been growing too fast in relation to the inflows they generate in the short-term period. We cannot sit and wait for the return flows to mount, for in the meantime there would grow abroad an ever-rising tide of short-term liquid claims on us—claims that could seriously endanger the dollar and touch off a whole series of disastrous consequences that would affect all aspects of our nation's position in the world.

Another fact of critical importance here is the fact that in recent years some of the surplus countries—notably France—of continental Europe have made quite clear their unwillingness to accumulate more dollars without exchanging them for our gold. Under such circumstances, the United States and the existing free world monetary system cannot afford continued deficits in the U.S. balance of payments because that would mean the continued erosion of our reserves.

We have asked, therefore, that, for the time being, corporations maintain the outflow from direct investment at an amount which our balance of payments can safely absorb.

Let me emphasize, as I have before, that these restraints are temporary measures, and are not designed to be of protracted duration. They are required to alleviate a serious and current problem. They are not viewed as a permanent solution.

In the meantime, we need the voluntary programs.

The stakes are high. They involve not only the best interests of the Nation but the best interests of all who do business abroad. For the strength of our dollar, and the strength of our Nation, and the strength of the international monetary system, is their strength as well.

Nor need our businesses and financial institutions feel they are carrying the burden alone. They are only being asked to bear a share of a burden that the Government bore, more or less alone, for many years. As President Johnson made clear—in connection with the intensified balance-of-payments program for 1966 announced last winter—in the 5 years after 1960 intensive Government effort resulted in an approximately 40-percent reduction in the balance-of-payments cost of military spending abroad, despite rising costs overseas, the requirements of the Berlin buildup in 1962, and of the struggle in Vietnam. That effort also resulted in a full 50-percent reduction in the net balance-of-payments impact of foreign assistance. At the same time, we recognize, and all must recognize, that we cannot in the near future expect large savings in this area, whose potential for savings we have already so thoroughly explored and in such large measure exploited, and where the defense of freedom in Vietnam is raising the foreign exchange costs of the Government this year.

During the 5 years, 1961-65, the net outflow of private capital for direct investment rose from \$1.6 billion to \$3.2 billion, an increase of 100 percent, that ad-

versely affected our balance of payments by \$1.6 billion. The outflow of bank capital doubled from \$1.2 billion to \$2.5 billion in the 4 years from 1960 to 1964.

It is not an answer to the problem to say that income from private foreign investment was about four-fifths as large as private investment outflows. What we need, temporarily, is a much more favorable relation of current, investment outgo and income from past investment.

We must, therefore, in the words of President Johnson—and I quote:

* * * reject the counsel of those who would have the Government do the entire job, at whatever cost to American security and leadership. It is private outflow that has grown so sharply since 1960.

Nevertheless, we are not resting on our laurels in this respect. As recently as March 8, President Johnson told Cabinet officers and the heads of Government agencies in a public memorandum that:

* * * the requirements associated with Vietnam, both for military and for economic assistance, now demand even greater vigilance in controlling our overseas Federal transactions.

Your objective should be to maximize receipts and minimize expenditures abroad consistent with the achievement of U.S. objectives.

I have instructed the Director of the Bureau of the Budget to examine your reports carefully and to inform me of the progress which is being made by each Federal agency in assisting the Nation to achieve equilibrium in its balance of payments.

Thus, we must understand that, while the Government can and will hold to its essential minimum the dollar drain through military and aid expenditures abroad, the overall dollar costs of those programs must be measured by the value of the national purposes they serve. And when those purposes are well served, when the security of the Nation is advanced—then we are all well served.

And, as I have made clear, one of our greatest benefits from our foreign programs—benefits in which the business and financial community most abundantly share—is the maintenance abroad of the broadest possible areas of opportunity for free enterprise. Ours is an interdependent world, and interdependence has its costs. We must be prepared to meet those costs, for only by doing so can we keep the world safe and strong for free peoples and free enterprise.

The balance-of-payments program and foreign trade

There remain for discussion several aspects of one other major element of the balance-of-payments situation of mutual concern to business and Government: the relationship of foreign trade to our balance-of-payments program and vice versa.

Let us begin by getting a perspective on the importance of foreign trade to a solution of our balance-of-payments problem.

Had our merchandise trade surplus—this excludes shipments of military goods—remained in 1965 at the \$6.7 billion total achieved in 1964, the United States would have had a surplus in its balance of payments exceeding a half billion dollars in 1965.

But, the merchandise trade surplus in 1965 declined to \$4.8 billion, or nearly \$2 billion less than 1964, and the Nation had a \$1.3 billion balance-of-payments deficit.

The fact that this drop in our trade surplus occurred in the first year of the voluntary program has given rise to the assertion or inference on the part of some that the restraint on investment under the voluntary program adversely affected our trade surplus by reducing exports.

But, what are the facts?

—Let me note that throughout, here, we will be talking about merchandise exports, excluding military shipments.

Fact No. 1 has already been mentioned, but it bears repeating. Fact No. 1 is that the voluntary program does not reduce overseas investment. Instead, the voluntary program provides for large increases, amounting in the case of direct investment to an annual rate 30 percent above the yearly direct investment outflow in the years 1962–64.

Thus, to the extent that American investments abroad generate American exports, the annual investment increases under the voluntary program will tend to increase our trade surplus.

Fact No. 2 has to do with the correct use of the trade and investment figures. It is true that our trade surplus was lower in 1965 than in 1964. But several other truths should also be noted. Overseas investment rose during 1965 by

nearly \$900 million. That was by far the largest direct investment increase in many years. And, it was more than twice the size of the direct investment increase in 1964, when we had an extraordinarily large increase in our exports.

This should make us chary of trying to relate either the voluntary program or overseas investment to our trade results. We see exports increasing by no less than 14.6 percent in 1964, when there was no voluntary program and when direct investment went up by \$401 million. But—exports rose only 3.9 percent in 1965, when there was a voluntary program, but when direct investment rose by \$890 million, a record for any recent year except 1956.

Fact No. 3 has to do with the relation between the bank lending portion of the voluntary program and our trade results.

Data collected by the Treasury Department on long-term bank commitments for financing U.S. exports were over \$20 million higher in the last three quarters of 1965, after the voluntary program was initiated, than in the comparable period in 1964.

Further, the Treasury made a special survey of export financing. A very great majority of the respondents said that export financing did not become more difficult after the voluntary program went into effect.

Fact No. 4 concerns what is currently happening to our trade, with the voluntary program still in effect, and, indeed, considerably tightened by comparison with the 1965 program.

In the first 3 months of this year our exports rose to an annual rate \$3.5 billion higher than in 1964, our best trade year.

Fact No. 5 has to do with why, in reality, we had a much lower trade surplus in 1965 than we had in 1964.

It should first be noted that our \$6.7 billion trade surplus in 1964 was by all odds the highest in any recent year, partly because of unusual factors. The 1965 surplus of \$4.8 billion was nearly \$2 billion lower than the 1964 figure. But by comparison with other recent years, and with the average of our trade surpluses since 1960, our trade result in 1965 shows up much better.

The 1965 trade surplus, for instance, was only some \$284 million lower than the surplus for 1963. It was \$362 million higher than the surplus in 1962. And, the 1965 surplus was within 8 percent of the 6-year average, 1960-65.

Second, we did not get a repetition in 1965 of the very large agricultural exports which were a main factor in creating the extraordinary 1964 surplus, and which in turn was due to bad harvests in Europe, and wheat purchases by the Soviet Union.

Third, in 1964 our export markets were experiencing better times, economically, than they did in 1965.

Fourth, exports did rise in 1965, by approximately 4 percent. What chiefly narrowed the 1965 trade surplus was a huge rise of imports, which increased by no less than 15.6 percent. The rise in imports is of course in no way attributable to the balance-of-payments program moderating overseas lending and investment.

Finally, anticipation late in 1964 of a dock strike early in 1965, which did come about, probably inflated 1964 exports by nearly a quarter of a billion dollars and reduced 1965 exports by a like amount.

More could be said on this subject, but I think there is no need, until this rumor raises its mistaken head again. When it does, I hope that you will be watching for a new edition of this facts and figures truth bulletin about the relationship of our balance-of-payments program to our international trade.

But, the fact that there is no evidence that our exports were significantly affected by our balance-of-payments program is by no means the same as saying that we are not concerned about the growth of our trade surplus. We are concerned, indeed. We have been careful to try to learn the facts that I have just been over with you not because we want them to win political statistics-slinging matches, but because we need them to try and find a cure. The situation boils down to this:

Although exports are increasing, imports are increasing faster. This was true in 1965, when imports rose by nearly 16 percent, while exports rose only a quarter that much. And there is a slight trend in this direction when recent years are averaged.

For the first quarter of this year, imports on an annual rate basis increased about one and a half times as fast as exports. But this does not necessarily predict the entire year. For instance, to note what can currently only be taken as a straw in the wind, in March exports were higher than imports.

Nevertheless, it is obvious that the answer to avoiding a shrinkage in our trade surplus lies chiefly in getting our exports to assume a more favorable relationship to our imports.

We are moving to do so.

We are holding to our positive, competitive ways. Our chief weapon will continue to be the competitiveness and good balance of our own economy, which means an economy capable of producing all the goods we need for ourselves and at the same time to satisfy all foreign orders, orders for exports, on schedule and at world competitive prices.

This brings us back to the fact that wherever we turn in our foreign economic problems, we come face to face with the fact that they will be solved in the end, and for the long run, chiefly by reason of the vigor, productivity, and balance of our domestic economy.

And that brings us to the fact that for many years now we have been fostering the conditions in our domestic economy that will make us strong in the international economy. While most public attention has been given to measures that resulted in increasing demand, I wish to emphasize the measures we undertook, early and vigorously, to ensure increases in capacity, increases in productivity, and reductions in cost. I refer to the domestic measures with which you are familiar—tax reduction, depreciation reform, an investment tax credit, and reduction in corporate taxes—all designed to put the highest productivity tools into the hands of American workers and American management, plus massive programs to upgrade the training of our work force so that it can make full use of these tools.

That is, while we were moving through tax reduction and other means to stimulate demand to the point where the American work force would be fully employed, we foresaw that when that happy condition arrived it would be self-defeating unless we had also moved in good time to stimulate commensurate growth of capacity to satisfy demand, by means of adding to productive capacity, and adding to productivity.

To the extent that the rise of imports is due to the increasingly fuller use of capacity and available manpower in this country, the steps we have taken to permit and encourage our capacity to produce to keep pace with the growth of demand should reduce our relative need for imports, and reduce their competitiveness in the American market.

We are continuing to work on the other side of the scale, by attempting to increase our exports. The tremendous recent growth of capital investment in the United States has increased our ability to produce for export and, by raising productivity and lowering costs, it has increased the ability of our exports to compete in foreign markets.

Mr. Harold Linder has just announced a long list of adjustments in the policies of the Export-Import Bank, which he heads, to make the financing of American exports more convenient and less costly.

The Commerce Department is working with American companies in a program designed to bring the American producer and the foreign importer together, and to assist the American producer to make, package and deliver his product in the most effective way for sale in a foreign market.

The Secretary of Agriculture is looking for ways to push our foreign sales in his very important sector.

Conclusion

Basically, however, as I have said, the solution with respect to the trade balance is the same as it is for the balance of payments as a whole: a strong, growing, high-productivity, competitive economy in which the forces of demand and of supply are well equated, and where the private sector and the Government both take a responsible view of the importance of avoiding inflationary policies or actions.

That is the kind of economy we have in the United States. That is why I am confident that we can look forward to an improving trade balance as one of the main elements in the long-term solution of our international payments problem.

This is not the only reason, however, for thinking that the U.S. balance-of-payments deficits are no more necessarily permanent than the famous dollar gap, which, as we have noted, suddenly vanished at the end of the 1950's, although it had been pronounced quite permanent by almost everybody.

There are a number of reasons, in addition to the trade prospects, for keeping it in mind that our balance-of-payments problem will not necessarily be with us forever, or even for a long time, just because it is so often said that it might.

For one thing, very substantial progress toward elimination of our payments deficits has been made. The deficit was reduced by \$1.5 billion, and totaled, for 1965 as a whole, \$1.3 billion on the overall, or liquidity, accounting basis. This was the smallest deficit since 1957 and was less than half the \$3 billion average deficit on this basis in the 7 years, 1958-64.

Today, the chief imponderables are the direct foreign exchange costs, and the indirect effects upon our balance of payments of the fighting in Vietnam. That is a problem which, God willing, will not always be with us.

Secondly, there are signs that the rate of profits on direct investments in Europe is not as large as it was only a few years ago—signs even that it is now not very much higher than in this country.

Third, the balance-of-payments program itself is tending to cause improvement in another highly important sector: the capital markets of many other industrialized nations. With the dollar outflow moderated, and with American corporations actively seeking funds abroad, foreign capital markets are finding more depth and resilience than they thought they had. I think that we can look forward to a permanent improvement in foreign capital markets that in turn reduces the need for measures on our part to guard against overdependence upon our capital market. Incidentally, we are hopeful that from the OECD (Organization for Economic Cooperation and Development) there will be forthcoming, a report on this subject of long-term significance.

Further, we are nearing the final stages of a process by which we hope and believe that the entire free world monetary system will be improved by the introduction of means for increasing the speed and smoothness with which the system is able to adjust balance-of-payments deficits and surpluses, and, when needed, put new international reserves into circulation.

Consequently, to those who say that the moderation of the outflow of dollars that is unavoidably a part of the current balance-of-payments picture is something that has come to stay, I say that there are many good reasons to conclude that such is simply not the case.

I am certain that we shall continue to have your ready cooperation in bringing our payments into equilibrium so long as forces beyond our immediate control require it. You may be equally certain that as soon as the more enduring measures that we have been discussing make it possible to dispense with the voluntary program for moderating our capital outflow, that will be done.

Exhibit 47.—Remarks by Secretary of the Treasury Fowler, May 27, 1966, at the 13th Annual Monetary Conference of the American Bankers Association, Granada, Spain

To conclude this 4-day 13th annual monetary conference is a formidable challenge. By now every important fact or significant observation will have been voiced by one of the public officials or private citizens in attendance who collectively share, in large measure, the responsibility for the financial policies of the free world.

The conference itself symbolizes recognition that our common objective of a viable international financial system nourishing economic growth, expanding trade, and promoting development cannot be achieved by nations working in isolation.

This objective can only be achieved by like-minded leaders of both governmental and private institutions foregoing narrow nationalism and seeking diligently an improved framework of international economic and financial cooperation.

In the 13 years these conferences have been held, in the postwar period as a whole, the present system of free world cooperation—political, military, economic, and financial—has served well. Productive resources and capabilities have been released for the benefit of all. Barriers to trade and communication have been lowered. Development of new nations, and of older, war-torn economies, has been nourished. The extremes of inflation, depression, or financial panic, characteristic of other postwar periods, have been averted.

The challenge for the future is to build on this system of free world cooperation. It is vital to recognize its shortcomings and weaknesses and seek to correct them.

In so doing, we must seek to preserve the system's elements of strength and flexibility.

Above all, we must be decisive and diligent in discharging our commitment to the principle that in seeking the good of all, we serve our own interests best. If we have learned any one great lesson from the immense tragedies that have marred the 20th century, it is the lesson that we stand to gain the most individually, and to hold our individual gains most securely, when we follow policies that permit us to gain the most all together.

1966—A year of decision

Nineteen hundred and sixty-six is a year of decision in many important aspects of international financial and economic cooperation. We must go forward. To stand still is to lose momentum and cast our lot for inevitable retreat. Consequently, it is one of my chief purposes here today to remind my own countrymen and their colleagues in all the countries represented here that the ties that bind us, and upon occasion prevent us from doing precisely as we would like, are ties no more onerous than our common desire to preserve the benefits that flow from working together, and not at cross-purposes.

The security, the rapid economic growth, the social improvement that we have now enjoyed for so long, in so much of the world, are not given conditions that can be taken for granted. They are products of policies deliberately adopted, and carefully nurtured, with intent to produce security, growth, and progress on a world scale. Frustration of those policies can, and almost surely will, bring an end to the progress we have had, and shatter the security that has made that progress possible.

Let us look back for a moment at the effects of fragmenting the world by policies of excessive nationalism. I could choose from the sad history of the 20th century many examples, each worse than the last until we arrive at the unprecedented tragedy of World War II. But the London Economic Conference stands out as a costly failure of many nations to establish, a generation ago, the kind of economic cooperation that we now realize serves us best.

The London Economic Conference was a part of its times, one of a long series of attempts to establish a form of international economic cooperation that we now take almost for granted. That attempt failed because of nationalistic efforts to insulate nations from the world economy.

The lesson of the London Economic Conference does not lie in determining who was guilty, or to what extent, of causing the Conference to fail. The lesson lies, rather, in the extent of the damage of such a failure, and, therefore, in how careful and forthcoming we should be to prevent a return to a pattern of failure.

Eleven years after the collapse of the London Economic Conference the representatives of 44 nations met at Bretton Woods in the United States to find ways to avoid such debacles in the future. Those who gathered at Bretton Woods wanted to find alternatives to the injurious exchange tactics and the trade restraints of the 1930's by which governments—often at the expense of one another—had sought vainly to maintain employment and uphold living standards within their own borders.

The alternative they conceived to this kind of cut-and-run, beggar-thy-neighbor world was a comprehensive structure that would institutionalize cooperation among nations in exchange policies, and make cooperation a way of life and an insurance of the peace.

One result was the International Monetary Fund. The Fund's objectives were, and are, the promotion of international monetary cooperation, the building of exchange rate stability, and the elimination of exchange rate restrictions, all as means of facilitating the expansion of international trade and of helping member countries to achieve and maintain high levels of production, employment, and income.

To pool resources for development assistance, the Bretton Woods conference also established the International Bank for Reconstruction and Development—the World Bank. Its members were the same nations as made up the membership of the International Monetary Fund.

Out of these has grown what might be regarded as a worldwide system of economic stabilization and development. From the highly successful pattern of the World Bank's lending there have developed the Inter-American Development Bank, the International Finance Corporation, and the International Development Association. The year 1966 will mark the emergence of yet another important bank in this chain: the Asian Development Bank.

The concept of creative international cooperation in monetary matters exemplified by the International Monetary Fund has been one of the most fruitful ideas of our times. The Fund's resources have been increased, the last time in 1965, as it has proved its value, and as the world economy has expanded.

In 1962, a special arrangement took shape among the principal capital-generating nations, as it became evident that the resources of the IMF might prove insufficient in the event of a threat to the stability of the world monetary system. To avoid a repetition of the situation of the 1930's, when a weakness here and a strain there were permitted to develop into a general rotting of the international monetary fabric, 10 major industrial countries that are members of the IMF, subsequently associated with Switzerland through special arrangements, agreed among themselves to lend to the Fund, in case of need, amounts of their own currencies totaling \$6.2 billion.

This General Arrangements to Borrow of the Group of Ten was originally made good for four years. It has now been agreed to extend it for a further four years. These arrangements, and others stemming from the same spirit of cooperation, have served fully, beneficially, and in good season in helping the currencies of several major financial powers over periods of strain. The result is a world monetary system that is stronger than ever, several national currencies that have been helped to renewed strength and stability, and a world that has been quickly and smoothly defended from dangers of convulsive economic restrictionism.

The return to external convertibility of many major free world currencies in the late years of the 1950's brought with it the problem of dealing with highly volatile movements of capital among financial centers, stemming chiefly from speculative pressures. With the objective of providing means to meet such pressures firmly and promptly the United States, in cooperation with 11 other major industrial countries and the Bank for International Settlements established, beginning in 1962, a swap network of short-term facilities, now totaling \$2.8 billion. We are pleased and proud that in recent months we have been able to make similar cooperative arrangements with two Latin American neighbors with whom we have close economic ties: Mexico and Venezuela.

Many other such highly practical means for replacing cut-throat nationalistic policies with creative international cooperation that benefits all have been worked out and are in practice. One that I would mention particularly is the sale to foreign governments and central banks of U.S. Government bonds. We must now look forward to further refinement, extension, and strengthening of our international monetary system.

As another outgrowth of the idea of international monetary cooperation, much more importance has been attached to consultation and collective problem solving, in the place of protective attempts to find the means of national insulation against problems of international scope. An example is Working Party Three, a specialized task force of the Organization for Economic Cooperation and Development. Working Party Three was established to try to find broader-than-national approaches to the solution of balance-of-payments problems.

All will agree that the system described is a vast improvement over the narrow economic and financial nationalism of the 1930's. It is a good system, and it has been getting better. If we maintain our recent progress in seeking out new elements of strength in it, and in moving to ever more adequate levels of international economic cooperation through it, I am confident that our gold exchange system—with appropriate improvements to be discussed later—can be depended upon to handle effectively the untold tasks of economic development, and improvement of living standards, that face us all internally, and face the world at large, as one of its topmost tasks.

There is an especial aspect of this story of progress in the decades just past that I hope I will be forgiven for recalling.

Large and as well-conceived as was the world monetary system that was brought into being after World War II, it was not adequate to the job of overcoming the effects of destruction that faced the world in the late 1940's and the 1950's. It could not even begin to function effectively until the vital European economic fabric was reconstructed.

The United States threw into the balance most of the extra resources that permitted fast European reconstruction. To this end, the United States reached into its own resources, and gave—I emphasize this, gave without any expectation of recompense—to Western Europe no less than \$15 billion in the postwar relief and Marshall plan years between 1946 and 1952.

Meanwhile, the United States provided for the common defense, almost alone, while nearly all other defenses were down.

These programs were initial steps along a road by which the United States has to date contributed some \$80 billion of economic assistance to other nations.

But economic assistance was not all that was essential. As I have indicated, it was also necessary to raise a shield behind which free men could put their freedom to work.

Through military expenditures that between 1946 and 1966 have totaled no less than \$790 billion, and that are currently costing new billions, the United States raised and has maintained such a shield. To this must be added the cost we have incurred for which there is no adequate price: The cost of over 165,000 American casualties suffered in helping to defend the free world, outside our borders, since World War II ended.

Our participation in the defense of freedom has girdled the globe, from the fields and towns of Western Europe so closely kin to us, to the divided Middle East and western Asia, and has now drawn us to the bitter jungles of Southeast Asia.

Where it was enough only to be present, we have taken a stand. Where it has been necessary to fight, we have fought. You can search all history without finding a more carefully measured and restrained use of power than the United States has made and still makes today. Yet, at the same time, you will find no world power more ready than we have been, and are, to move from the battlefield to the conference table.

By this world defense, we have defended our own integrity and freedom. Further, we have never been completely alone on the ramparts. Some have fought by our side, and many others have kept vigil with us.

The United States has used its economic strength in yet another way of creative benefit to the entire world in the past two decades. The United States has alone continued the free convertibility of officially held balances of its currency for gold at a fixed price: \$35 an ounce. Thus, we have permitted the dollar to undertake the responsibility of becoming the world's principal reserve and transactions currency, a store of value in terms of gold, and at the same time a measuring rod for the value of gold. The dollar is thus the bedrock of the world monetary system, whether reserves are held in gold or currency. It is a primary element of stability in the savings of business, of pension and retirement funds, and so on, down to the smallest savings of individuals.

This is a very heavy responsibility, one that prevents us from always doing just as we might like to do, for we are determined to continue to be as faithful to our pledge as we have been. In President Johnson's words, "The dollar must be as good as gold."

These contributions of the United States are not cited as a matter of pride, although, indeed, I am vastly proud to be able to say, as an American, that my country contributed in the greatest measure, in treasure and human effort, to the establishment of a workable framework for international cooperation.

I am, rather, citing a few highlights of our individual effort because their spirit, motivation, and scale serve to give a measure of what must exemplify the role, not just of the United States, but of other nations individually as they regain or achieve strength and stature, and of our family of free nations altogether, if international economic and financial cooperation is to assume ever greater dimensions in the last half of this century.

I am not suggesting that a rule of unanimity must prevail and that every developed nation must embrace the tenets and practice of full collaboration or else we throw up our hands and retreat toward a world of narrow nationalism.

As in a free democratic society, so in a free democratic world, dissent plays an important role. But, of course, the preponderant majority should not be immobilized. Even that famous American exponent of State sovereignty, John C. Calhoun, recognized the right of a "concurrent majority" to move forward together without giving offense to a dissenting minority.

The United States holds fast to its early dreams of an alliance of equals, in strength and in responsibility, and to its zeal for the goal of the common good. We have welcomed the emergence of each nation to a position of power and wealth. We wish to share responsibility, not to hoard it.

We regard the year 1966 as a hinge upon which there can be a great turn for a better future, if the strong nations, old and emerging, seize their joint opportunities, and deal with problems, without being haunted by the past, confounded by the present, or overawed by the future.

1966—A year of opportunity

World trade.—Nineteen sixty-six is a year in which the 68 countries who are members of the General Agreement on Tariffs and Trade (GATT) have an opportunity to negotiate reductions of tariff and nontariff barriers to world trade to a point where they are no longer a stultifying factor in the international economy. This would be accomplished if the present GATT negotiations should take relatively full advantage of the authority granted to the President in the U.S. Trade Expansion Act to agree to reciprocal reductions of trade restraints.

The reciprocal reduction of most tariffs by significant amounts up to half, and removal of nontariff barriers, as permitted by the Trade Expansion Act, would mean that we had placed at the base of our international system general acceptance of the idea that ours should be an open and a competitive world, exposing its prices and its wage rates and its returns to capital to international competition.

This is of particular importance now, when a failure to move toward a more competitive world is liable to lead to a series of blocs behind trade barriers, rather than states behind trade barriers. And it is of special importance to those countries whose national economic programs subject market forces increasingly to the influence of the economic planner. Under these conditions national economic units become more and more dependent upon international competition for assurance that prevailing national prices, wage scales, profit returns and investment programs are realistic.

However, despite 3 years of effort we are still far from taking this long and significant step, and time grows short, because our Trade Expansion Act expires in 1967.

If the elements of a substantial agreement have not been achieved by the end of this year, so that authority granted under this act can be utilized before it expires, this failure can trigger a substantial setback for the movement toward liberal trade in which my country has played a leading role for over 30 years. Failure to move forward can lead to a dangerous retreat.

There are difficult problems, of genuine concern, on all sides. We are conscious of the fact that major reductions in trade barriers will call upon all of us for important adjustments in our economies. However, if we look at the adjustments that will probably be required, it is evident that they in fact are no greater in most instances than adjustments that are regularly made to take account of changes in technology, tastes, trade patterns and the like.

World liquidity.—The year 1966 is a year in which the finance ministers and central bank governors of the 10 leading industrial nations can reach agreement on essential points of a contingency plan for the orderly creation of liquidity. This, in turn, will lay the foundation for wider negotiations within the framework of the International Monetary Fund of extraordinary importance to the future growth and prosperity of the entire free world family of nations.

In recent years, U.S. dollar and gold outflows resulting from balance-of-payments deficits have supplied three-quarters of new reserves of other countries. Clearly, the free world cannot rely solely on newly mined gold for increases in reserves adequate to a vigorous, growing free world economy. Just as clearly, the remarkable economic growth of the free world since 1945 would not have been possible had it not been for the acceptance of large amounts of U.S. dollars as reserve assets. Therefore, when we set ourselves the task last year of reaching equilibrium in our international payments at an early time, it appeared evident to us that we and other nations should take timely steps to avoid harm to the international economic system stemming from the cessation of U.S. balance-of-payments deficits, in turn desirable to avoid the attenuation of our reserves.

Consequently, President Johnson authorized me last July to announce that the United States stood prepared to participate in international negotiations to consider what steps we might jointly take with other nations to secure substantial improvements in international monetary arrangements. In the subsequent weeks I conferred with my colleagues in other governments on this matter, in Washington and in Europe, with the objectives of determining whether others shared our view that there was a clear and immediate need to proceed to contingency planning for improvement of the international monetary system, including provision for an adequate future supply of monetary reserves.

We found that there was, in fact, general agreement that there should be a reexamination of the free world's monetary arrangements, and that we should plan ahead for the time when new ways of providing for the growth of monetary reserves would become necessary.

In September, the Group of Ten Ministers charged their Deputies with undertaking discussions leading to policy decisions as to what changes are needed to ensure that the future reserve needs of the world may be adequately met, and to report this spring on the progress they had made and the areas of agreement they had discovered.

We are now awaiting that report, and we hope that it will be possible to make it public this summer, as the basis upon which we can move to a second stage of negotiations in which members of the International Monetary Fund other than the Group of Ten can make their contributions.

Thus, it is apparent that in this area 1966 is a year of decision with very large and important consequences for the future of world economic growth, and that decisions are now pending that can add a new and hopeful dimension to the system we now have for international economic collaboration for a better world.

I look forward with confidence to the outcome. We should recall that the General Arrangements to Borrow negotiated in 1961 were put in place to meet future eventualities, and the need for their use did not develop for several years. But in 1964, and again last year, they proved invaluable. In the same spirit we feel that the time has now come to put into place the means that would be required to supply adequate amounts of international liquidity.

Strengthening the adjustment process.—The year 1966 is one in which our international financial institutions should work together to strengthen and improve the processes by which balance-of-payments adjustments are made. We are hopeful that Working Party Three, of OECD, will be forthcoming with a report that will point the way through improved adjustment processes toward less, and less chronic imbalance in the system.

Just as it would be improvident of us to negotiate the means to look toward a major expansion of world commerce and then fail to make provision for the future expansion of international reserves, it would be improvident of us not to follow through by recognizing that as trade and capital movements increase, the need for smoother adjustment of payments imbalances—without resort to restrictive practices—will become ever greater.

In an increasingly interdependent world, it becomes increasingly evident that adjustment to payments imbalances must be made on both sides of the scales. Just as deficit nations must be permitted to feel pressures that urge them to eliminate their deficits, surplus nations must not be permitted to hoard their surpluses indefinitely. Where surpluses are used only to purchase gold, the world's reserves are diminished. Instead, surpluses should be recycled to do the world's work, through more liberal trade policies, and through both public and private investment designed to assist economic development.

It should be recognized by all that failure by some to use persistent surpluses they accumulate to encourage trade and assist in development is a cause of persistent deficits in the payments of other countries. Balance-of-payments equilibrium should attain this broader international significance, as well as its present one-sided national meaning.

Strengthening capital markets.—Another of the challenges of 1966 lies in the opportunity to improve the depth and resiliency of capital markets throughout the free world.

Many of you will recall that my predecessor, former Secretary Douglas Dillon, spoke to you on this very subject as early as 1962, at your Ninth International Monetary Conference, in Rome. This was well before we were impelled by the inadequacies of the European capital market to enact the interest equalization tax and develop the voluntary programs to moderate increases in outflows of foreign direct investment and bank credit as measures of protection for our payments position.

He described in 1962 what is still very much the case:

Potential investment funds are still too often dammed up behind national boundaries by legal restrictions or institutional barriers * * *

Capital does not—as it should—flow freely from those with ample resources to the points of greatest need. Benefits and burdens often bear little relationship to current patterns of trade or to the underlying payments position of a country.

This is reflected in the fact that most governments or businesses, when raising funds outside their own country, still look to the United States as the only readily available source.

These conditions are an anomaly in a world of convertible currencies—a world in which barriers to trade have been steadily reduced—a world characterized by American deficits and European surpluses.

In the months and years following Secretary Dillon's comment it became increasingly clear that the disparities between the capital market of the United States and those of Europe are a major source of payments imbalance in the world. As one of 10 elements in his July 1963 program to meet this situation, the late President Kennedy appointed a task force in the fall of 1963 that I was privileged to head.

The summary recommendations of the task force included the following:

The Department of State and the Treasury Department should, through appropriate international bodies, particularly the OECD, advocate the step-by-step relaxation of monetary, legal, institutional, and administrative restrictions on capital movements, together with other actions designed to increase the breadth and efficiency of free world capital markets.

Despite U.S. efforts in bilateral and multilateral councils to encourage it, the fact is that relatively little has been done on this score in the years intervening between Secretary Dillon's admonition in Rome in 1962 and the present. This has made doubly necessary our programs for moderating the flow of U.S. dollars to other developed countries through the voluntary programs on direct investment, and lending by financial institutions, initiated in February 1965.

Our balance-of-payments program itself is tending to cause improvement in the market for capital abroad. With the dollar outflow moderated, and with American corporations actively seeking funds abroad, this market is finding more depth and resilience than anyone thought it had. We look forward to a permanent improvement in foreign capital markets that in turn will reduce the need for measures on our part to guard against overdependence upon our capital market.

We are hopeful that from the OECD there will be forthcoming this year a report on this subject of long-term significance.

Nevertheless, differentials in performance and resources of capital markets persist that are so great that the very efficiency and depth of U.S. capital markets make for an outflow of dollars that is punishing to us in balance-of-payments terms.

It is time that this aspect of the international economic system as it now stands should be corrected, without delay, even if it requires some rather far reaching adjustments in the internal policies of nations.

Development assistance.—During the year 1966, the provision of adequate levels of development assistance, on the right terms, bilaterally and through multilateral institutions, should be a first order of business in the free world.

By the same token, 1966 is a year in which we should all work diligently to strengthen such free world institutions as the World Bank and its affiliated International Development Association and the Inter-American Development Bank. We should also work together in abetting the admirable efforts of the nations of Asia in launching their own Asian Development Bank.

And, 1966 is a year in which the associated countries should take a new look at the OECD. After the passage of nearly 5 years of beginnings, it may well be that institutional changes and new working mandates are desirable to keep that organization in step with the conditions and opportunities for concerting efforts and policies of the developed nations in the fruitful field of economic and financial cooperation.

Strengthening both types of organizations is basic to international progress in the field of development assistance.

To provide adequate levels and terms of development assistance for the developing countries in ways that take into account the problems of the assisting countries, it will be necessary for the multilateral development banks, the OECD and the IMF to work together more effectively than they have in the past.

The obstacles to be overcome require coordinated action by these international institutions with each other and with the participating countries. And, better coordination of bilateral assistance is also needed.

New techniques such as the consortia and consultative groups sponsored by the World Bank are to be commended.

But they are not enough if the real problems of unlocking an adequate transfer of resources, without the creation of an intolerable burden of foreign debt in the recipient countries, and balance-of-payments difficulties among the developed countries, are to be overcome.

The needs for economic development assistance are immense.

Even if the monetary system of the developed world were functioning perfectly, it would be a challenging assignment to meet these needs.

With the system functioning imperfectly—with key donor countries in deficit or in surplus—we must be extraordinarily ingenious if we are to come close to meeting these needs without further straining our system.

Some of us must provide aid at least in part in the form of real resources. Proper distribution of these responsibilities would help our adjustment processes, not hinder them.

Capital must flow out in reasonable magnitude and on reasonable terms from countries which are accumulating savings in the form of reserves. Otherwise the calls of our multilateral development finance institutions will go seriously unfulfilled, and deserving requirements of developing countries will not be met.

Some nations feel compelled to provide aid on harder terms than others. But does it make sense for surplus nations to provide it on harder terms than deficit nations? And does it make sense to pile short-term debt at high interest on developing countries with only limited capacity to repay?

We must find the ways and means of meeting the legitimate needs of developing countries which are doing what they can to help themselves. But we must distribute the burden in a manner which not only makes others strong but keeps all of us strong, too. For if the burden is unevenly or unfairly or unsoundly distributed, certain of us will become more powerful but as a group our strength will be sapped: our great multilateral endeavor will falter. This is the lesson both of the prewar and postwar experience I have described here today.

I would suggest that the question of determining not only a practical and increasing level but the appropriate sharing of international economic assistance programs be placed high on the agenda for consideration at the forthcoming meetings this autumn of the World Bank and International Monetary Fund and the Organization for Economic Cooperation and Development.

The chief executives of the multilateral development banks, the IMF, the OECD, and the Governors or Alternate Governors of the capital exporting countries should now organize themselves to prepare a plan for the next decade of development assistance. I emphasize that this plan should not be limited to a determination of how much is needed and where. It is equally necessary to search out methods and procedures for improving the terms and allocation of development assistance in the light of the realities of international finance.

Access to capital markets on an orderly and equitable quota basis, fair allocation of lending responsibilities on easy repayment terms, the right of pledging countries to fulfill obligations by a resort to tied loans or transfers of goods and services to satisfy these obligations when in balance-of-payments difficulties—these are examples of topics on which the advice, consolidated or cumulative, of the chief executives of the institutions for international financial cooperation and the responsible representatives of the assisting countries will be useful.

In his February 1 message to Congress on foreign aid, President Johnson clearly stated the position of the United States saying:

I propose that the United States—in ways consistent with its balance-of-payments policy—increase its contributions to multilateral lending institutions, particularly the International Development Association. These increases will be conditional upon appropriate rises in contributions from other members. We are prepared immediately to support negotiations leading to agreements of this nature for submission to the Congress. We urge other advanced nations to join us in supporting this work.

The progress of development aid should not depend solely upon the United States for stimulation and leadership. It needs organization and participation with full and equal responsibility of all developed countries interested in furthering international economic cooperation. These international bodies were created to provide that opportunity and serve that function.

The multinational corporation—A private institution for international cooperation.—But let us never forget that public funds and initiatives cannot alone successfully accomplish sound and constructive economic development. Nor can governmental or quasi-governmental institutions alone do the job of international economic cooperation.

Consequently, we should not fail to encourage and strengthen our institutions that project the private sector into development work. Among these, a pillar of our international economy in the multinational corporation.

We are able to see more clearly today than has always been possible in the past that the interdependence that is so much a part of our life is critically dependent

for its good functioning upon nongovernmental activities. In a large degree, our multinational corporations are responsible for our international economic development.

These corporations have contributed substantially to the economic growth of the free world since World War II, and it is difficult to overstate their importance to continued growth in the free world economy—particularly among the less-developed nations.

In the future—much more even than in the past—their contribution, their role in a growing world economy, will depend critically upon how successfully we can reconcile national interests in both base and host countries with their own private interests.

This reconciliation will require give and take by the governing authorities of base and host countries. It will involve willingness in each country to oppose the substitution of narrow nationalism for freedom of investment, security of property and contract rights, and fair play to enterprises affiliated with foreign concerns. It will also require observance by private companies with foreign affiliations of the standards of good corporate citizenship that accommodate the national sensibilities.

My Government has welcomed and ratified the multilateral Convention for the Settlement of Investment Disputes, sponsored by the World Bank as a limited but significant step in creating an institutional and environmental barrier between excessive nationalism and the multinational corporation.

The U.S. balance of payments.—The year 1966 is one of challenge to the United States in making progress toward the achievement of an American goal that is of interest to other countries because it is a matter of considerable importance to the functioning of a continuingly successful system of international economic and financial cooperation.

I refer to our goal of achieving and maintaining a steady equilibrium in our international payments.

We recognize that the basic responsibility for doing this is ours.

We have no intention of shirking from it.

Our balance-of-payments deficit this year stems in large part from the fact that the United States is continuing to meet its international responsibilities for military and economic assistance.

To the United States a commitment in the Pacific to defend self-determination in South Vietnam is similar to a commitment to help maintain a free Berlin.

The international payments deficit of the United States in 1965 on an overall, or liquidity, basis was \$1.3 billion a reduction of more than one-half from \$2.8 billion in 1964. This was the smallest deficit since 1957, less than half the \$3 billion average deficit for the 7 preceding years.

The voluntary cooperation of our banks and corporations in moderating outlays for lending and direct investment in developed nations, added to strenuous efforts to minimize the balance-of-payments costs of military and aid expenditures outside the United States, contributed to this result. However, last August, reporting on the second quarter surplus (the first surplus quarter in many years) I warned:

We do not take it as a sign we have turned the corner from balance-of-payments deficits to balance-of-payments surpluses.

Since that time, with the beginning of the large buildup of the direct and indirect costs of our military and aid operation in southeast Asia, we have been no more than holding our own.

Adjusting the quarterly figures to take into account two specific arrangements with Canada and West Germany which function, in fact, on an annual basis, the deficits would be:

3d quarter 1965.....	—\$377, 000, 000
4th quarter 1965.....	—\$361, 000, 000
1st quarter 1966.....	—\$382, 000, 000

These suggest that for the last three quarters we have been on a plateau of about \$1.5 billion annual rate deficit, slightly above the \$1.3 billion deficit for 1965 as a whole, but still very substantially below the level of preceding years.

Careful analysis will support the proposition that, absent the Vietnam buildup, the United States might have moved substantially closer to equilibrium in the last three quarters.

Indeed, should the combination of measures, old and new, that are being brought to bear on our trade balance cause it to resume an upward curve, the march toward equilibrium could resume despite Vietnam.

Exports are well up this year, and in a broad range of nonagricultural products. On the import side, I am hopeful that as the rate of increase in gross national product slows—and I think you will agree that it will not continue to increase at the same rate as in the first quarter—and as new productive capacity comes on stream, the bulge in imports will subside.

Our goal is still the achievement of equilibrium—sustained equilibrium. The multiple costs of Vietnam have made the tasks more difficult, to be sure, and it may be that we will have to settle for an interim objective of equilibrium exclusive of the costs of Vietnam.

Conclusion

It seems to me that the more important question today is not whether the United States will solve its payments problem but how it will do so.

The costs of Vietnam are not permanent or ordinary costs.

Our voluntary program, coupled with a degree of monetary restraint unparalleled in recent years, is working well. Our program to delimit the impact of Government expenditures abroad on the balance of payments is being tightened in meaningful ways. Our recent trade performance, it is true, has been less buoyant than we had hoped but this is, in part, another manifestation of the Vietnam problem. Moreover, additional measures to encourage exports are underway. We are not ready to conclude that even in the face of Vietnam the halt of our march toward equilibrium is in any sense a fundamental or lasting one.

Against this background, how should the United States react beyond intensifying its existing program? Should we take the narrow, nationalistic view that in the interest of the United States, the U.S. balance of payments must be brought into equilibrium no matter what the cost to the free world?

Should we attempt to solve this problem through a reduction in our overseas military commitments?

Should we attempt to solve it by slashing our foreign economic assistance programs?

Should we attempt to solve it by reversing the entire trend of our trade policy and the world's trade policy?

Should we restrict travel?

Should we impose mandatory controls on capital flows?

Should we solve it, in short, at the expense of the other important, constructive decisions that remain to be made—that must be made—in international economic affairs in 1966? Should we solve it at the risk of unraveling the carefully woven fabric of international cooperation that has served us so well during the last 20 years?

We all know that the United States could, if it decided that it must do so, solve this problem alone, but it could do so only at great cost to the economies, the aspirations and, indeed, the safety of all the nations of the free world.

Is this the direction in which we should move at the crossroads in 1966?

Other nations—many of them represented here today—have a vital interest not only in whether the United States solves its payments problem but in how we solve it.

We believe that we should and that we shall find the solution to this problem where we have found the solutions to so many other problems during the last 20 years. That is, we shall find it in a combination of measures which will be consistent with the responsible role of the United States as a good partner in international financial cooperation.

It is in that spirit that we invite all of our allies and all of our other friends to join us with renewed vigor in meeting the challenges of 1966.

Exhibit 48.—Statement by Under Secretary of the Treasury Barr, February 16, 1966, before the Senate Foreign Relations Committee, on the Asian Development Bank Act

I am happy to appear before you this morning in support of H.R. 12563, the Asian Development Bank Act. A billion people, one-third of the world's population, in the lands from Iran eastward to the Pacific have a stake in the success of this new cooperative effort for peaceful economic development in Asia.

The first important legislative step toward U.S. membership in the Asian Development Bank was taken just 1 week ago today when the House of Representatives approved H.R. 12563 by a vote of 292–80. The House action followed unanimous endorsement of the bill by the House Banking and Currency Com-

mittee. President Johnson has assigned high priority to early U.S. membership in the Asian Development Bank, in order to reaffirm our commitment to the task of helping to build enduring societies in Asia. For this reason, I particularly appreciate the promptness with which this committee has taken up H.R. 12563.

It is my assignment, as head of the Inter-Agency Task Force on the Asian Development Bank, to provide for you, in this testimony, information concerning the proposed Bank's structure and operations, additional to the President's message of January 18 and Mr. Black's testimony. AID Administrator Bell, Assistant Secretary of the Treasury Merlyn N. Trued, and I will try to answer your questions. In my testimony, and in our answers to your questions, we will be drawing upon the *Treasury Special Report on the Proposed Asian Development Bank*, which has been provided to the committee.

Rationale for U.S. participation

President Johnson summed up our reasons for participation in the Asian Development Bank in a single sentence of his message of January 18:

Asia's future—and the world's—requires it.

But, as the President also noted in his message, the Bank is neither utopian nor vague.

On the contrary, U.S. participation in the Bank is desirable for the following very practical reasons, among others:

- The Asian Development Bank will make sound loans for economic development in Asia.
- Its lending will complement and extend the effectiveness of the economic assistance the United States and others are now giving in Asia.
- When outlays of capital for the new Bank are matched against our exports it appears that any effects upon our balance of payments will be very small.
- Countries in the Asian region are contributing 65 percent of the authorized capital of the Bank, giving clear evidence of their deep commitment to the idea of regional cooperation for development.
- Our economic interests will be well served by membership in the Asian Development Bank.
- While our subscription of \$200 million represents 20 percent of the Bank's authorized capital, the expected subscriptions of the other advanced countries—Japan, Australia, and New Zealand in the Asian region, and nearly a dozen elsewhere—represent more than double that amount.
- The Asian Development Bank satisfies a widespread desire of Asian countries for a development institution that is their own, specifically attuned to their economic, social, and financial needs.

It is of particular importance that the President be authorized to accept membership in the proposed Bank at an early date. The vital organizing meetings of the Bank are to be held promptly after the Bank enters into force. The United States should be in position to take its proper place in discharging its responsibilities during the formative period of the Bank's development.

The proposed Bank's resources

The Asian nations are providing the major part of the Bank's capital. But for the Bank to be able to make any considerable contribution to the amelioration of Asia's tremendous economic and social problems, it is necessary that it have financial links to the developed countries.

In part, this necessity was met by the fact that Japan offered to provide no less than \$200 million to the Bank's proposed authorized capital of \$1 billion, and that Australia and New Zealand, as countries within the region, made further pledges totaling over \$100 million.

The decisive event assuring that the Bank would be supported outside the region, was President Johnson's announcement, last April, that the United States would be prepared to be a member of a properly constituted Asian Development Bank. The U.S. pledge that you are now asked to approve is the same as Japan's—\$200 million.

I am highly pleased to report today that other pledges from outside the region, totaling \$150 million have now brought nonregional pledges up to the full \$350 million allocated by the Bank's charter for such subscriptions. These other pledges include \$34 million from Germany, \$30 million from Great Britain, \$25 million from Canada, and \$20 million from Italy. I should also mention that the Asian nations themselves have pledged virtually the full amount of \$650 million

allocated for regional subscriptions. The Bank is, therefore, now practically assured that it can open its doors as a billion dollar institution.

The Bank's articles permit it to increase its resources beyond its capital subscriptions in ways already familiar in the existing international development institutions.

- The Bank is authorized to accept from member or from nonmember countries, or from others, special funds which the Bank may administer on terms designated by the donor, so long as the purposes are consistent with the Bank's development objectives and methods.

- The Bank may enlarge its resources by borrowing through the sale of its bonds in the world's capital markets. It is not expected that the Bank will be in position to commence such borrowing for some time. When it does begin, it is required to avoid any undue concentration of its borrowing in any one financial center.

- The Bank can reconstitute its capital by sales from its portfolio.

The Bank is permitted to borrow or to sell from its portfolio in member countries only with prior official approval.

The relation of the Asian Development Bank to development assistance in Asia

The proposed new Bank's authorized capital of \$1 billion is equal to no more than \$1 per head of the populations of the developing member countries. And, the Bank's development territory runs from Iran on the Caspian Sea to Western Samoa far into the Pacific.

The proposed Bank can make an important addition to what is now being done to help the Asian nations, and its activities will in many ways extend or even be a multiplier of present assistance. Let me mention a few such instances. The Bank can bring together consortiums for lending on projects that are too big for any one donor to undertake. It can improve the effectiveness of the assistance of others by helping to finance enlarged programs of technical education and training and other types of technical assistance. It can improve the setting in which assistance is given, by financing surveys and through the provision of expert assistance in the formulation of projects.

Subscriptions to the Bank's capital will help to spread the aid burden: By bringing in funds from nations not previously giving aid there, or by increasing the assistance that they might otherwise have provided.

The proposed Bank's authority to accept and administer special funds would also permit it to spread the burden of development assistance by serving as a channel for this form of additional financing from donor countries.

The Bank's Charter gives it all necessary powers to stimulate and assist private enterprise development in Asia. The Bank can do the following:

- Make loans directly or guarantee loans by others to private enterprises in Asian countries.
- Make loans to development banks in Asian countries which would then relend to small private enterprises.
- At an appropriate time, commence to invest in equity capital of private enterprises.
- Facilitate development of local capital markets by underwriting or participating in underwriting of securities issued by private enterprises.
- Draw on funds in private capital markets, through bond sales and sales of portions of loans it has made, for lending in the Asian region.

Normally, the Bank's hard loans will be similar to those of the World Bank, currently 5½ percent interest and up to 25-30 years maturity.

The Asian Development Bank's Charter permits it also to extend and increase the economic assistance being given in Asia in a limited special use of its own funds. I refer to the authority given the Bank to earmark up to 10 percent of its paid-in capital as special funds that it may use to make, or to guarantee, loans of longer than usual maturity, with longer initial periods before repayment begins, and lower than ordinary interest rates.

Loans from the Bank's special funds are to go to projects where the need is great, the potential payoff is great, but where the ability to liquidate the debt on conventional terms is low in the absence of such assistance. This gives the Bank a means, through use of its own funds, to break through the vicious cycle in which poverty becomes the cause of poverty.

The membership and management of the proposed Asian Development Bank

The Asian Development Bank's membership is open to members and associate members of the U.N. Economic Commission for Asia and the Far East, and to

other Asian nations—and developed non-Asian nations—that are members of the United Nations or of any of its specialized agencies. This excludes Communist China, North Korea, and North Vietnam.

At the Manila conference, the United States and 21 other countries signed the Bank's Charter. Since then, nine other countries named in Annex A to the Articles of Agreement have become Charter members by signing and making a pledge by January 31. Hereafter, members may be admitted only by the vote of two-thirds of the Governors of the Bank—one Governor per member—representing not less than three-fourths of total voting power.

Voting in the Bank will be related to size of subscription. Twenty percent of the total votes, called basic votes, are to be distributed equally among the members. The rest are distributed in proportion to subscriptions.

Since the United States is a minority subscriber in the Asian Development Bank it has a minority voting position, roughly 16.7 percent of the total votes. However, the Charter of the proposed Bank provides that matters of unusual importance are to be settled by votes requiring large majorities—two-thirds in some cases and in others, such as membership, three-quarters of total voting strength. All member countries, regional and nonregional, have a substantial financial stake in the Bank. Under these circumstances, it can be expected with reasonable certainty that our capital and position in the Bank can be protected.

The Board of Governors will be the senior policymaking arm of the Bank. Day to day supervision of policy is to be in the hands of a 10-man Board of Directors. The subscription of the United States entitles it to one of the three non-Asian directorships. The Governors will elect the Bank's chief executive, its President, who is to be an Asian. This President is to serve for a renewable 5-year term.

The Asian members of the Bank have selected Manila as the Bank's site.

The Bank is to enter into force when 15 of the signatories of the Bank's Charter—10 of them Asian—having subscriptions of at least \$650 million, have deposited instruments of ratification or acceptance of membership. The legislation that is before this committee would authorize the President of the United States to accept membership in the proposed Bank.

The Board of Governors is to hold its inaugural meeting, elect the Bank's President and make other vital decisions establishing in the Bank's regulations the purposes and practices envisaged in its charter, soon after the minimum requirement for entry into force is met. It is for this reason that the President proceeded speedily in the new term to ask the Congress to authorize U.S. participation, and that early action by the Congress is essential.

Subscription to the capital of the Asian Development Bank

The authorized capital of the Asian Development Bank is \$1 billion. As I have already noted, Asian nations are authorized to subscribe \$650 million while the nonregional nations have pledged in full the remaining \$350 million, of which \$200 million is from the United States. In this section of my testimony, I will provide some of the details of the subscription arrangements.

Half the authorized capital is to be paid in five equal annual payments. The other half is callable capital to be fully subscribed, without any payment required, at the outset. The function of the callable portion is the same as in the World Bank and the Inter-American Development Bank: to provide backing against which the Bank would be able to sell bonds. The funds would be called for only if needed to make good on such borrowings. In the experience of the World Bank and the Inter-American Development Bank, the use of the callable capital has never been required and we do not expect that it would be required by the Asian Development Bank.

All subscriptions to paid-in capital are to be at least half in dollars or other convertible currency. No member may restrict the Bank's use of this portion of its subscription. The remainder may be in the currency of the subscriber. In the case of the United States this payment will be on a convertible basis.

The \$200 million U.S. pledge to the capital of the Asian Development Bank is smaller than its share of the capital of the World Bank, the International Development Association, or the Inter-American Development Bank.

Required U.S. payments amount to \$20 million initially and \$20 million a year thereafter until \$100 million has been paid.

However, one-half of each \$20 million payment would, in accordance with an option given in the Articles, be made in the form of irrevocable letters of credit to the Bank, to be drawn upon only when the cash is actually needed by the Bank.

Table 3 in the *Treasury Special Report on the Proposed Asian Development Bank* summarizes, by fiscal year, the subscription obligations of the United States.

The Asian Development Bank and the U.S. balance of payments

The foregoing section of my testimony indicates that in practice, the effects upon our balance of payments of our capital subscription to the Asian Development Bank would not exceed, initially, the cash portion of our payment, that is, \$10 million in the first year.

Over a somewhat longer term, looking into the period when procurement in the United States resulting from the proposed Bank's lending would largely match our subscriptions, we look for no net balance-of-payments cost to the United States resulting from our participation in the Asian Development Bank.

This is the case because, first, procurement by the Bank is limited to member countries, and, second, the Bank's lending will finance, for the most part, the purchase of capital goods and expert services.

The United States is a competitive world supplier of capital goods and of technical services. Further, the United States has a strong supplier position already in a number of the countries where the Bank will be lending for development. The United States has pledged to subscribe about a fourth of the Bank's convertible currency. Convertible currency procurement in the United States resulting from Bank lending should come close to or exceed this proportion.

Any U.S. contributions as special funds to the Bank can be tied explicitly to procurement in the United States.

The Bank cannot use its dollar holdings as a claim on our gold stock, inasmuch as it is not a monetary institution to which our gold sales policy applies. Moreover, nothing in the Bank's Charter would make it either necessary or advantageous for the Bank to acquire or hold gold.

TABLE I.—*Subscriptions to Asian Development Bank capital*

(Based on information as to pledges available through Feb. 15, 1966)

Country	Total	Total subscriptions	Developed country subscriptions	Regional country subscriptions
	<i>Millions</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Regional:				
Afghanistan.....	\$3.36	0.3		0.5
Australia.....	85.00	8.5	12.9	13.1
Cambodia.....	3.00	.3		.5
Ceylon.....	8.52	.9		1.3
Republic of China.....	16.00	1.6		2.5
India.....	93.00	9.3		14.5
Iran.....	60.00	6.0		9.3
Japan.....	200.00	20.1	30.4	30.9
Korea.....	30.00	3.0		4.6
Laos.....	.42			
Malaysia.....	20.00	2.0		3.1
Nepal.....	2.16	.2		.3
New Zealand.....	22.56	2.3	3.4	3.5
Pakistan.....	32.00	3.2		4.9
Philippines.....	35.00	3.5		5.4
Vietnam.....	12.00	1.2		1.9
Singapore.....	4.00	.4		.6
Thailand.....	20.00	2.0		3.1
Western Samoa.....	.06			
Subtotal.....	647.08	64.8	46.7	100.0
Nonregional:				
Austria.....	5.00	.5	.8	
Belgium.....	5.00	.5	.8	
Canada.....	25.00	2.5	3.8	
Denmark.....	5.00	.5	3.8	
Finland.....	5.00	.5	.8	
Germany, Federal Republic of.....	34.00	3.4	5.2	
Italy.....	20.00	2.0	3.0	
Netherlands.....	11.00	1.1	1.6	
Norway.....	5.00	.5	.8	
Sweden.....	5.00	.5	.8	
United Kingdom.....	30.00	3.0	4.5	
United States.....	200.00	20.1	30.4	
Subtotal.....	350.00	35.1	53.4	
Grand total.....	997.08	100.0	100.0	100.0

NOTE.—Figures include \$5,000 additional pledge by Vietnam and \$4,000 additional pledge by Germany

TABLE II.—*Voting strength in Asian Development Bank*

[Based on information as to pledges available through Feb. 15, 1966]

Country	Subscription amount	Proportionate votes	Basic votes	Total votes	Total
Regional:	<i>Millions</i>				<i>Percent</i>
Afghanistan.....	\$3.36	336	804	1,140	0.91
Australia.....	85.00	8,500	804	9,304	7.47
Cambodia.....	3.00	300	804	1,104	.89
Ceylon.....	8.52	852	804	1,656	1.33
China.....	16.00	1,600	804	2,404	1.93
India.....	93.00	9,300	804	10,104	8.11
Iran.....	60.00	6,000	804	6,804	5.46
Japan.....	200.00	20,000	804	20,804	16.69
Korea.....	30.00	3,000	804	3,804	3.05
Laos.....	.42	42	804	846	.68
Malaysia.....	20.00	2,000	804	2,804	2.25
Nepal.....	2.16	216	804	1,020	.82
New Zealand.....	22.56	2,256	804	3,060	2.46
Pakistan.....	32.00	3,200	804	4,004	3.21
Philippines.....	35.00	3,500	804	4,304	3.45
Singapore.....	4.00	400	804	1,204	.97
Thailand.....	20.00	2,000	804	2,804	2.25
Vietnam.....	12.00	1,200	804	2,004	1.61
Western Samoa.....	.06	6	804	810	.65
Total regional.....	647.08	64,708	15,276	79,984	64.18
Nonregional:					
Austria.....	5.00	500	804	1,304	1.05
Belgium.....	5.00	500	804	1,304	1.05
Canada.....	25.00	2,500	804	3,304	2.65
Denmark.....	5.00	500	804	1,304	1.05
Finland.....	5.00	500	804	1,304	1.05
Germany.....	34.00	3,400	804	4,204	3.37
Italy.....	20.00	2,000	804	2,804	2.25
Netherlands.....	11.00	1,100	804	1,904	1.53
Norway.....	5.00	500	804	1,304	1.05
Sweden.....	5.00	500	804	1,304	1.05
United Kingdom.....	30.00	3,000	804	3,804	3.05
United States.....	200.00	20,000	804	20,804	16.69
Total nonregional.....	350.00	35,000	9,468	44,648	35.82
Grand total.....	997.08	99,708	24,924	124,632	100.00

Conclusion

I speak for Secretary Fowler as well as for myself in heartily commending the Asian Development Bank to you, and in expressing the hope that this distinguished committee will act favorably and soon upon this legislation because:

Organization of the Asian Development Bank affords the United States a unique opportunity to show its goodwill toward the peoples of Asia as a whole. Participation is well within our financial means. The Bank will be able to use its resources in numerous ways consistent with the assistance programs we have long sponsored and continue to sponsor in Asia, and will draw new capital resources into the vast task of economic development in the Asian area. The Asian Development Bank is a nucleus around which the Asian peoples can draw together to build a cooperative response to their national, regional, and Asia-wide economic problems. And finally, the Bank's Charter for operations is based upon sound development lending principles learned over decades in the World Bank and other international institutions.

Exhibit 49.—Statement by Under Secretary of the Treasury Barr, March 29, 1966, before the Senate Committee on Foreign Relations, on the Convention on the Settlement of Investment Disputes

I am happy to appear before you today in support of the Convention on the Settlement of Investment Disputes between states and nationals of other states.

The Convention establishes under the auspices of the World Bank a center for the settlement by means of arbitration or conciliation of investment disputes which may arise between private foreign investors of one country and the government of another country. Work on the Convention was initiated by the World Bank in 1962 during Mr. Eugene Black's tenure as President of that institution.

Its primary purpose is to improve the climate for private investment in countries which seek to attract foreign capital, particularly the economically developing countries, and thus to stimulate a larger flow of private investment into those countries.

While a private foreign investor normally can adjudicate a dispute with a host government in the domestic courts of that government, the Convention represents the belief that in certain cases it may be more appropriate to bring such a dispute before an international forum. The International Court of Justice is, of course, not available to handle private investment disputes since only governments can be parties before the Court. The Convention will for the first time establish an effective international forum to which a private party of one country can take a dispute with the government of another country.

The Arbitration and Conciliation Center would maintain a Panel of Arbitrators and a Panel of Conciliators from which governments and private investors who had agreed to submit a dispute to the Center either for conciliation or arbitration could select experienced, impartial, and competent arbitrators or conciliators. One of the most noteworthy aspects of the Center is that its jurisdiction will be based entirely on the consent of the Parties. No party, either government or private, could be required to submit a dispute to the Center unless it had first consented to do so. Such consent would have to be in writing. A government which ratifies the Convention would not by this act give its consent to submit any dispute to the Center. Thus, ratification of the convention by the United States will in no way bind or otherwise commit the U.S. Government to submit any dispute to the Center.

Consent by the parties could be given either at the time an investment is made or after a dispute arises but, once it is given, the Convention states that it may not be withdrawn unilaterally. The arbitration mechanism is set up in such a way that refusal by one party to name its arbitrators after it had given its consent to submit a dispute to arbitration would not prevent arbitration from going forward. In such a situation the Chairman of the Administrative Council of the Center could be requested by a party to appoint the arbitrators not yet appointed. Arbitral awards would be binding on the parties and any monetary damages awarded would be enforceable in the courts of any contracting state. The recommendations of a conciliation commission would not be binding on the parties in view of the essentially voluntary nature of the process of conciliation, although the parties to a conciliation proceeding would be required to give such recommendations their most serious consideration.

As I mentioned, arbitral awards will be enforceable in the courts of contracting states. In the case of federal states like the United States the Convention provides that awards may be enforced in or through the federal courts. We have drafted proposed implementing legislation which will provide that arbitral awards under the convention shall be enforceable in U.S. Federal district courts. This draft legislation will soon be submitted to the Congress.

The Center will be located at the headquarters of the World Bank in Washington, D.C., and it will have an Administrative Council which will consist of one representative from each contracting state. The Chairman of the Administrative Council will be the President of the World Bank. Because of the close association of the Center with the World Bank, the Executive Directors of the Bank have agreed to provide the Center with office space free of charge and to underwrite the basic overhead expenditure of the Center for a period of years. In the light of these undertakings, the United States will not be required to make any financial contribution to the Center at the time the United States becomes a party to the Convention or in the foreseeable future. The Center will levy a charge for the use of its facilities which will be payable by the parties to an arbitration or conciliation proceeding, and it is possible that in time the Center will become self-supporting.

In view of the farflung business activities of our citizens in foreign lands, the Convention will be of particular benefit to the United States and its citizens. At the same time the Convention is expected to benefit developing countries by stimulating the flow of private capital into those countries. That the Convention successfully accommodates the interests of capital-exporting and capital-importing countries is due in large part to the extensive consultations and negotiations which the World Bank conducted with its members prior to the formulation of the final text of the Convention.

The Convention will enter into force after it has been ratified by 20 countries. Four countries have already deposited their instruments of ratification, so that 16 more ratifications are needed to bring the Convention into force. In addition

to the 4 countries that have already submitted their ratifications, another 31 countries have signed the Convention.¹ Of these 31, approximately 21 may be regarded as economically developing countries and 10 as economically developed countries. As these figures indicate, to date there has been a very good response to the Convention among developing countries.

There appears to be widespread interest in and support for the Convention in the United States. The International Law Committee of the Association of the Bar of the City of New York issued a report in June 1966 urging prompt ratification of the Convention by the United States. The Advisory Committee on Private Enterprise in Foreign Aid (the Watson Committee) in its report of July 1965 entitled *Foreign Aid Through Private Initiative* also recommended U.S. ratification.

President Johnson, in transmitting the Convention to the Senate, said:

The purpose of the Convention is to provide facilities for settlement or adjudication of international disputes relating to international private investments and thereby to encourage a larger flow of such investments * * *.

I recommend that the Senate give early and favorable consideration to the Convention and to its ratification.

You may recall that Mr. Eugene Black, at the time of his appearance before this committee on the Asian Development Bank, also spoke in support of the Convention. He said:

I urge that this Convention be ratified both in our own interest and that of our citizens and in the interest of the developing nations.

SIGNATURES AND RATIFICATIONS OF THE CONVENTION AS OF MAR. 25, 1966

The following 31 countries have signed the Convention:

- | | |
|-------------------|---------------------------------|
| 1. Pakistan | 17. Luxembourg |
| 2. United States | 18. Denmark |
| 3. Tunisia | 19. Malaysia |
| 4. Jamaica | 20. Italy |
| 5. Niger | 21. Ghana |
| 6. Upper Volta | 22. Belgium |
| 7. United Kingdom | 23. France |
| 8. Morocco | 24. Congo (Brazzaville) |
| 9. Ethiopia | 25. China |
| 10. Gabon | 26. Togo |
| 11. Cameroon | 27. Federal Republic of Germany |
| 12. Japan | 28. Greece |
| 13. Sweden | 29. Cyprus |
| 14. Somalia | 30. Liberia |
| 15. Sierra Leone | 31. Dahomey |
| 16. Nepal | |

The following four countries have ratified the Convention:

- | | |
|---------------|-----------------------------|
| 1. Nigeria | 3. Central African Republic |
| 2. Mauritania | 4. Ivory Coast |

¹ Secretary Fowler signed the Convention for the United States on Aug. 8, 1965.

Value of U.S. private direct investment abroad, 1961-64

[In millions of dollars]

Area	1961	1962	1963	1964
All areas, total.....	34,667	37,226	40,686	44,343
Canada.....	11,602	12,133	13,044	13,820
Latin American Republics.....	8,236	8,424	8,662	8,932
Other Western Hemisphere.....	954	1,050	1,229	1,386
Europe, total.....	7,742	8,930	10,340	12,067
Common Market, total.....	3,104	3,722	4,490	5,398
Other Europe, total.....	4,638	5,208	5,850	6,669
Africa, total.....	1,064	1,271	1,426	1,629
Asia, total.....	2,477	2,500	2,793	3,062
Middle East.....	1,240	1,200	1,277	1,331
Far East.....	1,237	1,300	1,515	1,731
Oceania, total.....	1,108	1,271	1,460	1,582
International institutions.....	1,485	1,647	1,733	1,865

U.S. private direct investment abroad and reinvested earnings, 1961-64

[In millions of dollars]

Area	1961	1962	1963	1964
All areas, total.....	2,653	2,852	3,483	3,784
Canada.....	568	685	898	748
Latin American Republics.....	428	236	242	375
Other Western Hemisphere.....	69	101	177	168
Europe, total.....	1,057	1,161	1,443	1,752
Common Market, total.....	406	566	733	889
Other Europe, total.....	651	595	709	864
Africa, total.....	156	205	151	175
Asia, total.....	193	113	285	245
Middle East.....	103	-9	76	53
Far East.....	90	122	208	193
Oceania, total.....	111	161	180	195
International institutions.....	68	189	109	135

Exhibit 50.—Remarks by Under Secretary of the Treasury Barr, April 16, 1966, before the fifth annual New England Conference on Legal Problems

The two decades since the end of World War II have been notable in a multitude of ways, not the least of which has been the dramatic growth of the world economy. World production has grown at an exceptional rate, and world trade and investment, both trouble spots in the 1930's and 1940's, similarly have shown dramatic increases.

There has, however, been a consistently disturbing feature in this hopeful picture: the inability of most less-developed countries to attain a rate of economic growth measured against population increase that promises to raise standards of living to reasonable levels anytime soon.

Through four administrations since World War II the United States has maintained a strong and imaginative foreign assistance program. After the dramatic reconstruction of Europe, the focus of our programs shifted from Europe to the less-developed nations of the world. Billions of dollars have been spent to assist countries in Latin America, in Asia, and in Africa, not only by the United States, but by other industrial nations and by various international organizations.

The progress—in terms of growth rates—as noted by President George Woods of the World Bank, has been impressive. But in terms of overcoming poverty, the problem remains huge.

Mr. Woods underlined the discrepancy that can exist between achieving a good rate of economic growth and escaping from poverty in a recent issue of *Foreign Affairs*.

Almost two-thirds of the world's population live in under-developed countries; but they have only one-sixth of the world's income * * *. In the period 1950–54, the rate of increase in their gross national product approximated 5 percent. But in 1955–60, it dropped to 4.5 percent; and in 1960–64, it was 4 percent. When allowance is made for population growth, per capita income in about half the 80 under-developed countries which are members of the World Bank is rising by only 1 percent a year or less * * *. The average per capita income in this lagging group is no more than \$120 a year. At a 1 percent growth rate, income levels will hardly reach \$170 annually by the year 2000.

The implications are plain and sobering.

If present trends are allowed to continue, there will be no adequate improvement in living standards in vast areas of the group for the balance of this century. Yet, over the same period, the richer countries will be substantially increasing their wealth. In the United States, for example, the present per capita income of about \$3,000 a year will, if it continues to grow at the current per capita rate, reach about \$4,500 by the end of the century. In other words, one group's per capita income will increase over this period by \$50, while America's will increase by about \$1,500.

In a recent study made by the staff of the World Bank, it was estimated that over the next 5 years the developing countries could put to constructive use something like \$3 billion–\$4 billion more each year than they are currently receiving from all sources—that is, from governments on a bilateral basis, from the international institutions on a multilateral basis, and from the private economy. Obviously, whether or not these figures are precise, the remaining need for capital is very large, and the private sector must be heavily involved.

Parenthetically I might add that we face somewhat the same situation in our own country. In the past year I have gradually perceived the outlines of the looming capital requirements to meet what I would call the “environment gap” which is developing in this country.

In the main the “environment gap” is associated with the urbanization of our society, and its mechanization. It is becoming apparent that we can no longer safely ignore the urban-associated problems: The pollution of our streams and our air and the disposal of incredible amounts of waste; the sheer problem of getting to work, and its relation to mass transit; and the problems of our urban ghettos. It has been facetiously suggested that we might be the first nation to put a man on the moon while in our cities we are standing ankle-deep in garbage. This is patently ridiculous. A nation with our imagination, economic might, and cultural ambition, will demand and will get a reasonable and decent way of life in our urban centers, but in the process truly staggering sums of money—and not only money, but also human energy and talent—may be required.

The solution may be to involve the private sector as deeply as possible in efforts which have a public orientation. In this country the private sector can make a tremendous contribution in these areas, and it may be that this offers one important approach to the problems of the developing nations as well.

However, the fact is that over the past 4 years the increase in direct U.S. investment in the developing areas of the world has been small in relation to needs and in relation to the outflow of investment capital to some other places. For Latin America, the total value of direct investment by U.S. firms increased from \$8.2 billion in 1961 to \$8.7 billion in 1964. For Africa, the totals are \$1.0 billion in 1961 and \$1.6 billion in 1964. For Asia, the totals are \$2.4 billion in 1961 and \$3.0 billion in 1964. Thus, in a 4-year span the total increase in these three developing areas of the world totaled \$1.7 billion or somewhat over \$400 million per year, during this time. By contrast, direct investment in Europe increased from \$7.7 billion to \$12 billion in this same period—an increase of \$4.3 billion, or about \$1.1 billion a year.

The Treasury has been alert to the search by the U.S. Government for ways of increasing U.S. private investment in less-developed countries. In the tax field, this concern was reflected in the 1962 Revenue Act, which extended special tax treatment to investment in these countries; in the interest equalization tax legislation, which exempted such investment from the tax, and in the fact that

tax treaties recently negotiated with several of the less-developed countries included a 7-percent tax credit for U.S. investment in those countries. The Treasury also operated the foreign tax assistance program to help less-developed countries strengthen their tax administration—and thus help to improve the climate for investment.

Recently we have taken a significant new step in this vast but crucially important area—the Convention on the Settlement of Investment Disputes. The Convention, which the United States signed last year and which we are expecting to be ratified very soon by the Senate, will establish a center associated with the World Bank to arbitrate investment disputes which arise between private citizens or corporations of one country and the government of another country. The Convention gives promise of the establishment of the first effective special institution to settle such disputes. The basic purpose, of course, is to help create an atmosphere of greater mutual confidence between private foreign investors and less-developed countries which, hopefully, will lead to an increasing flow of private capital into these regions during the next decades.

Admittedly, this is a difficult problem with a host of complicated variables, but it is right and prudent to regard private investment, and particularly the great multinational corporations, as a most potent and promising vehicle outside government to breathe economic life into the less-developed nations. The expansion of world trade, the freedom of money to flow where most needed across national boundaries, the stimulating effects of broadening competition and the spread of technical and organizational knowledge—these are the hallmarks of multinational business, and these are the developments which have helped to bring an expanding, more integrated and efficient economic structure to the West since 1945.

The question today is: Will the multinational corporations succeed in playing their vital role in the less-developed world?

In my own mind, there is no doubt that these enterprises are capable of playing a prominent role in the economic advance of the less-developed countries. Whether they will in fact perform up to their capabilities in this respect remains an unresolved question. One point is clear, however. If a positive solution is to be achieved, and the right sort of atmosphere for investment created, the initiative must be taken by the governments of all interested nations, both the developed and less-developed alike.

In effect, this is what has happened, in the case of the Convention for Settlement of Investment Disputes.

The Convention will enter into force after it has been ratified by 20 member governments of the World Bank. At the moment it is still in midstream: 35 member governments, including the United States, have signed the Convention, but only 4 have so far ratified it. We expect ratification very soon, and I am happy to say that we have found a good deal of support for the Convention, both in Congress and in the business and financial community generally. While it is undoubtedly true that almost any international agreement concerning private foreign investment is likely to be politically sensitive among capital importing countries, I am confident, particularly in view of the consultations and negotiations conducted by the World Bank, that many such countries will ratify the Convention.

During the last year my international experience as Under Secretary has brought me into contact with the developing nations of Asia, Africa, and Latin America. From this rather brief exposure, I have come to sympathize with and understand the problems which confront both the private investor and the developing nations. The leaders of many developing countries face extremely difficult political and economic choices. As politicians, they must produce the economic improvements which they have promised their people. However, this is a goal which will be reached only with massive capital flows from outside, a fact which also raises thorny political problems for the developing country's leader. If he seeks to create an especially attractive climate for large-scale private investment, he may be accused of leading his country down the road of so-called neoimperialism. There may be pressures to impose burdensome controls on foreign business enterprises or to expropriate their holdings altogether on the grounds of economic exploitation, or insufficient contribution to the development of the local economy.

Often the political realities belie the economic facts. A foreign business enterprise may have created hundreds of new jobs, provided housing for its employees, schools and recreational facilities for their children; but in the real world, economic forces never operate in a vacuum. Social and political overtones are constantly present exercising their influence on economic decisions.

But on the other side, the international corporate executive faces complicated problems and decisions as well. He is charged with the responsibility of investing the funds of his shareholders and he must ultimately be concerned with making sound investment decisions. He must gauge the political climate, assess the possibility of economic controls or outright expropriation; and once his investment has been made, the executive has to live with the operation and deal with any new political and economic circumstances which may arise.

Thus, the new Convention for settling investment disputes offers a significant new opportunity for bridging the gap between the investor and the developing nation. For virtually the first time a company willing to invest and a nation which is prepared to accept the investment will have the opportunity to resolve their difficulties in a dignified and reasonable manner before an impartial, international panel of arbitrators.

More immediately important, perhaps, is the possibility which the Convention holds out for the investor and the leaders of the accepting nation to sit down before the investment is made to define those matters which they would agree to submit for any future arbitration. This gives assurances on both sides and provides a greater measure of security to the transaction than has hitherto been the case. What is more, I think that as the Convention operates over a period of time, we can look forward to the emergence of a new body of case law to guide nations in both avoiding and settling investment disputes. And finally, the forum which is provided for by the Convention may also serve to move investment disputes from the political to the legal arena. At a time of considerable sensitivity between the developed and developing nations, I think this can only be regarded as an important step forward.

Economic development presents the developed world with a multifaceted challenge which over the years will require imaginative responses at a number of levels in both the public and private sectors of society. I believe that the Convention, while admittedly tentative and exploratory, represents just such a response. It opens a constructive avenue in a sensitive and extremely complicated area. What is more, it offers the hope that as time passes the great potential of the private sector will be brought increasingly to bear on the field of international economic development.

Exhibit 51.—Excerpts from remarks by Under Secretary of the Treasury for Monetary Affairs Deming, November 12, 1965, before the Southern Economic Association and Southern Finance Association, on the international monetary system

The U.S. balance-of-payments deficit and world reserves—1958-64

After this survey of the principal types of reserve assets, we may now look at the crowded monetary history of 1959-64 to find the answer to the question as to why there is so much current interest in improving our monetary system. By 1958,¹ the United States had swung sharply into a large deficit, following the somewhat favorable balance-of-payments position brought about in 1957 by exceptional difficulties of the United Kingdom and France. During the 6 years beginning with 1959, the United States recorded a series of very large international deficits. It is true that a substantial part of the deficit reported by the Department of Commerce during these years, about \$5 billion, took the form of additions to private dollar holdings. Nevertheless, the amount of the deficit which resulted in an increase of officially held reserves in foreign countries was nearly \$13 billion. Continental European countries acquired the lion's share of these reserves. We have estimated that nearly three-quarters of the growth in official reserves of the rest of the world was accounted for by the counterpart of U.S. deficits. Since the overall growth in reserves of other countries was about \$17 billion during these 6 years, they also derived rather small amounts from new monetary gold supplies or through the net increase of their creditor claims on the International Monetary Fund.

These figures give a quick indication of the two major problems that are faced by the United States and the world in dealing with international reserves in the future. The United States cannot afford to continue to run deficits and supply reserves in this fashion. To do so would mean that our own reserves would be

¹ For background remarks concerning the period from the First World War to 1958, see Treasury Department Press Release No. F-261, Nov. 12, 1965.

reduced and our own international position impaired, not only financially but in many other ways as well. An internationally strong currency and a strong voice in world affairs tend to go together. Financially, our current assets would be reduced too far relative to our current liabilities. The acceptability of dollar assets to foreign monetary authorities would be weakened, and this could lead to a shrinkage in existing world liquidity, concentrated on our own reserves, which have been declining over quite a long period.

For these reasons, President Johnson has made clear that U.S. deficits must be stopped. Speaking in Washington on the first of October, he told the Governors of the International Monetary Fund: "I want to be very clear about this. We must, in our own interest and in the interest of those who rely on the dollar as a reserve currency, maintain our payments in equilibrium. This we will do."

But the second part of the problem then faces us with the cessation of U.S. deficits. For this means that a major part of the secular growth in international reserves also stops. New monetary gold supplies are not sufficiently large to meet needs for additional reserves. The world economy is growing rapidly and, while no one sees as necessary an exact or mechanical relationship between the growth in world trade or world activity and the need for additional reserves, it seems quite clear that, sooner or later, more reserves will be required. Thus, some alternative procedures that will provide for additions to world reserves must be established.

In this connection, it is of interest that, in June 1965, the official reserves of all free world countries taken together—excluding the United States—stood at about 35 percent of world imports, c.i.f. basis. This means that reserves of other free world countries were roughly sufficient to cover 4 months of imports, if fully utilized. Naturally, there were wide differences among countries and regions, but the overall ratio of 35 percent is the same as it was in 1928, lower than it was in 1958, when it was 41 percent, and as low as at any time since 1948, when the ratio was 43 percent. The ratio of U.S. reserves to imports, at 66 percent, is nearly twice as high as that of other free world countries taken together. But U.S. reserves can be called upon by foreign holders of dollars as well as for financing our own imports in case of need. Our own ratio to imports has been halved since 1959.

International monetary cooperation—1958-64

Before noting some of the issues that will be faced in trying to find a solution to the problem of reserve creation, it will be helpful to review briefly what has been accomplished in the field of international monetary cooperation during the 6 years of large U.S. deficits. It is important to do this not only because the progress made in this area makes it now possible to mount an international approach to the new and more difficult task of deliberate reserve creation, but also because the developments of the past 6 years are, themselves, unprecedented and represent really gigantic steps in international understanding and in determined efforts to organize international activities in the monetary field.

The monetary history of these years is so crowded that it is difficult even to touch upon these achievements in a brief commentary of this type. However, some of the highlights may be mentioned.

First, in 1958-59, quotas in the International Monetary Fund were increased by 50 percent across the board, with additional selective increases for several leading industrial countries. This provided about \$2.7 billion in additional gold and European currencies to the Fund, with a total enlargement of its resources of about \$5 billion. However, in 1961, it was realized that, even with the quota increase, the resources of the Fund might prove insufficient to meet severe strains on leading currencies and that such strains could threaten to impair the functioning of the monetary system as a whole. After negotiations carried on during 1961, agreement was reached between the Fund and 10 leading industrial countries under which these countries contracted to provide loans to the Fund under specified conditions in amounts up to \$6 billion. This understanding became known as the General Arrangements to Borrow, and the participants in it became known as the Group of Ten. Parallel arrangements were set up by the Swiss authorities to provide up to about \$200 million in Swiss francs directly to the Fund for GAB members.

There is now in process a further increase in the Fund resources, amounting to 25 percent across the board plus additional amounts for a number of individual countries.

Generally speaking, Fund resources make available medium-term credit. Through direct contacts among the monetary authorities of leading countries

short-term credit facilities have also been provided on a very large scale, both on a standby basis and through ad hoc arrangements. A network of swap facilities, developed by the Federal Reserve System, has now reached a total of \$2.8 billion. The United Kingdom has, from time to time, made use of similar short-term facilities, arranged to meet particular needs. The largest such operation took place at the end of November 1964, when \$3 billion in short-term credits was arranged to strengthen the pound sterling.

In addition to the development of credit facilities, close and frequent consultations between responsible officials of treasuries and central banks are now a regular feature, through the Bank for International Settlements, and through a Working Party of the Organization for Economic Cooperation and Development. This Working Party is now undertaking a thorough study of the process of adjustment of international imbalances under modern conditions.

In the meantime, the Deputies of the Group of Ten bring together responsible officials of these countries to consider the basic problems of the functioning of the international monetary system and future needs for reserves. Under the aegis of this group, a technical study, known as the *Ossola Report*, was published in August 1965. This report examines a number of possible ways of creating reserve assets.

For its part, the International Monetary Fund has also examined the question of creating reserve assets. In its Annual Report for 1964, the Fund strongly urged that any alterations made in the monetary system be evolutionary and be based on supplementing the existing system, where necessary. The Fund also indicated its belief that further development of international reserves could, and should, be based on the Fund.

The tasks ahead

Against this background, there are, as mentioned, two basic tasks ahead. Our first major responsibility is to reach and maintain a sustained equilibrium in the U.S. balance of payments. We are well advanced in this task. We know that we can succeed in it, and we will not relax our program for doing so until we succeed.

The second major task, on which I will comment here, is to improve our international monetary arrangements so that they will continue to meet the needs of the rest of the world and of the United States in the future, when reserves are no longer supplied by U.S. deficits because our payments have been brought into equilibrium. We may conveniently divide this into several aspects.

The first aspect is the perfecting of our arrangements for safeguarding the monetary system against abrupt and short-term strains on major currencies. Here, bilateral and other credit arrangements, involving direct action by national monetary authorities, are particularly useful, due to their flexibility and speed of activation.

Secondly, cyclical imbalances of particular countries must be expected, even if we had an all but perfectly adjusted economic world. To deal with such imbalances, medium-term credit is called for, and the Fund has come increasingly to be relied upon for this purpose, supplemented, in appropriate cases, by the General Arrangements to Borrow. To fulfill this function, the Fund needs adequate access to the currencies of surplus countries. How to assure this, to couple the use of the Fund's facilities with appropriate encouragement of correction of the imbalance and to gain the cooperation of surplus countries in correcting imbalances, are the key problems in the cyclical aspect of the overall task. Whether there is a field for bilateral credits of a medium-term character, through special securities issued to creditor countries directly, could also be explored, since increase in quotas or changes in the scale of the General Arrangements to Borrow may occur only at relatively infrequent intervals.

As in the case of short-term monetary credits, medium-term credits are likely to create reserve assets on the books of the monetary authorities of the creditor countries. This is now being recognized, and the global statistics on reserves, carried in the publications of the International Monetary Fund, include a category called "Reserve Positions in the Fund."

It is in considering the longer term, or secular area of creating reserves intended to be more or less permanently or indefinitely carried on the books of monetary authorities, that we encounter the third aspect of the task. This is usually described as the "deliberate creation of additional reserve assets."

There are a number of difficult problems ahead for negotiators. The deliberate creation of additional reserve assets differs from what has been done up to now, in somewhat the same way as our nuclear and space activities in the scientific

field differ from conventional weapons and conventional aircraft of the past. The world has never before set about this task deliberately. Monetary authorities are going to be careful before they introduce into balance sheets a reserve asset to be held more or less indefinitely.

I have used the term "additional reserve asset" consciously. There are ways of creating deliberately more reserve assets of the type that we already have, such as reserve positions in the Fund. There are also approaches that would require an entirely new type of asset, such as special reserve units created by a group of countries, either in partnership with the Fund or independently.

The United States has stressed that the interests of all members of the International Monetary Fund must be considered in these negotiations and that countries not members of the Group of Ten must be represented in the second stage of the preparations for formal improvements in the monetary system, after the first stage of negotiations in the Group of Ten has provided some basis for an eventual international understanding. In doing this, however, we fully recognize that there is a conceptual difference between the problem of creating adequate reserves for the world and the capital needs of developing countries.

In the same way, there is a conceptual distinction between the financing of a cyclical or short-term deficit and the creation of reserves of an indefinite duration. But, again, reserves, however created and for whatever purpose, can be spent. Reserves which could only be held and never spent would be strange instruments, indeed, though, in practice, a large proportion of the world's reserves do remain largely inert for long periods of time.

What are some of the major negotiating problems? I shall merely sketch them briefly, though much has been and will be written about these questions, I am sure.

First, there are differing views among the Group of Ten, itself, as to the imminence of a need for additional reserves. The continental European countries generally believe there is too much liquidity now. They have had large-scale annual increases in reserves amounting to about 10 percent a year. They believe these increases have contributed to the inflationary pressures which present to them their most difficult internal problem of economic policy.

Second, the European concern about inflation also causes them to put a great deal of emphasis on the ways of imposing adequate discipline on countries in deficit to take prompt and effective measures to restore balance. The United States has, for its part, endorsed more intensified study of the adjustment process in the hope this study will emphasize more clearly that surplus countries, as well as the deficit countries, have essential responsibilities in this area.

Third, there are a number of substantive questions concerning the techniques for creating reserve assets. The Study on the Creation of Reserve Assets by a study group of the Group of Ten countries, headed by Rinaldo Ossola, of Italy, and made public last August, has explored in depth a wide variety of ways in which a new reserve asset might be created. Some are simple ones which could be instituted fairly quickly through modifications in the operating policies of the IMF. Others would call for the creation of a new reserve unit, either within or outside the IMF. Still others would aim primarily at changing the character of present reserve elements without necessarily adding to the supply. Some envisage that combinations of schemes should be adopted.

Four issues have been conveniently listed at the end of the Ossola Group Report, and these four will clearly confront the negotiators. The substantive views of the United States are being developed in these questions, and I shall not try to anticipate them here.

One question is whether or not a new reserve asset can be utilized in international settlements only along with a specified quantity of gold or other reserves or may circulate on its own. For our part, we believe that the creation or use of a new unit should not influence nations directly or indirectly to seek to add unnecessarily to their holdings of gold. As the country to whom others turn for gold when new supplies are not available, we have a vital interest in this aspect.

The width of membership for purposes of management and distribution of additional reserve assets raises economic, financial, and political questions, involving the status of nations outside the Group of Ten, and their relationship to the process of creating and distributing new reserve assets.

In the third place, a view has been expressed that the IMF should properly be provided with sufficient resources to fulfill its function of providing credits to individual countries, but that the Fund should not have a leading or important policy role in the deliberate creation of reserves. On the other hand, many of

the member countries of the IMF at the recent annual meeting supported IMF Managing Director Schweitzer's view that "liquidity is the Fund's business."

The rules for decisionmaking present both economic and political difficulties. How can the minority be protected, while avoiding the exercise of an inordinate degree of power on the part of a country or countries which, at any given time, would be reluctant to approve the creation of the reserves generally desired?

Conclusion

In conclusion, let me cite a statement of the President of the United States on October 1, 1965:

The long period of large U.S. deficits has come to an end. If growth is to continue and trade is to expand, we must provide an effective and adequate substitute.

This is not a matter of an immediate crisis. But it is a matter on which we must begin to act—now. We must begin now to provide machinery for the creation of additional reserves. Gold alone will not be enough to support the healthy growth which the entire world demands. It will not be enough in the future any more than it has been in the past.

There is no shortage of plans for reforming the world's monetary system.

Let us try to choose the best. But let us remember the best is sometimes the enemy of the possible. Let us not become so preoccupied by questions of mere detail that we end up doing nothing. Ours is a large and growing world. It has a large and growing trade. Let us provide for this growth.

Total reserves as percent of annual value of imports ¹

Year	All countries ²	The United States	All countries minus the United States	Group of Ten plus Switzerland	Group of Ten plus Switzerland minus the United States	Group of Ten plus Switzerland minus the United States and the United Kingdom
1913.....	21		17			
1923.....	42		35			
1937.....	101		63			
1938.....	117		63			
1948.....	81	319	43	104	30	34
1949.....	77	345	48	109	31	37
1950.....	84	252	50	100	41	38
1951.....	62	204	37	72	28	31
1952.....	63	211	38	80	34	38
1953.....	69	198	45	81	40	47
1954.....	68	206	45	82	43	48
1955.....	62	183	42	73	40	44
1956.....	58	169	39	67	37	41
1957.....	53	170	35	63	33	38
1958.....	58	154	41	71	44	50
1959.....	54	126	41	64	43	48
1960.....	51	117	40	61	45	50
1961.....	51	117	41	61	47	51
1962.....	48	97	40	56	45	50
1963.....	47	91	40	52	43	47
1964.....	43	82	38	48	40	46
1965 ³	39	66	35	43	37	42
(Jan.-June)						

¹ Total reserves at the end of the indicated period including gold, foreign exchange, and reserve position in IMF.

² All IMF members plus Switzerland.

³ As percentage of estimated 1965 imports.

Gold holdings as percent of imports

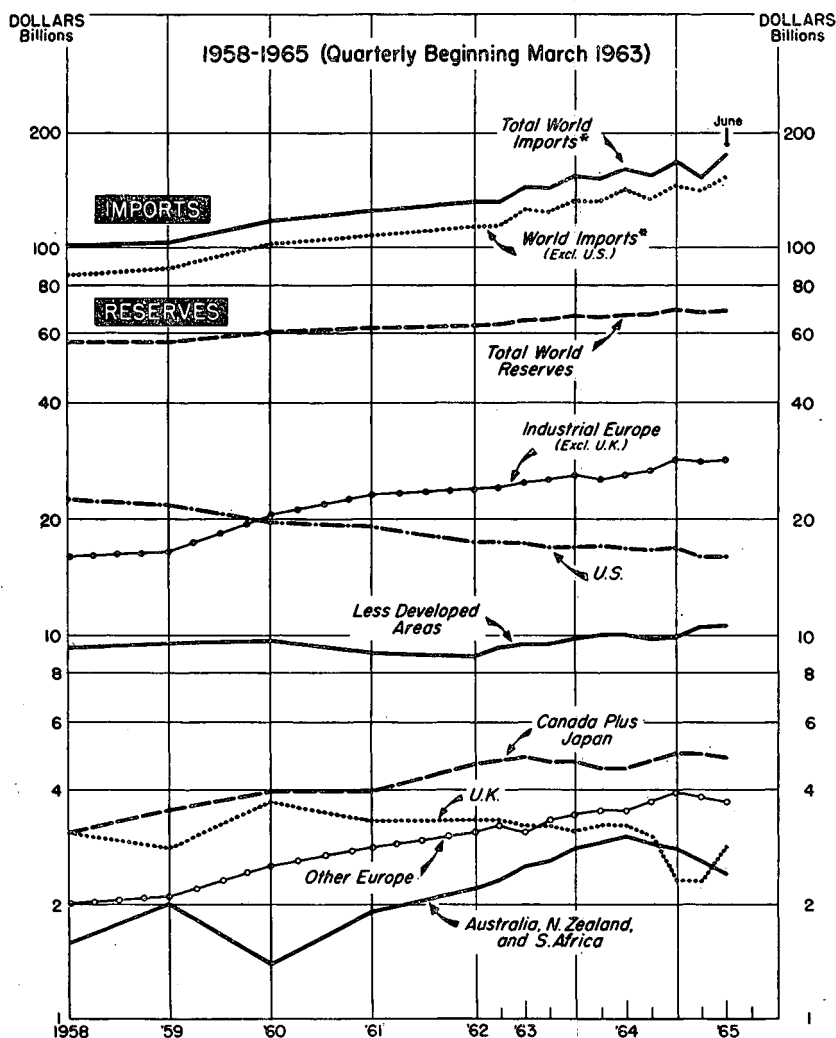
Year	All countries ¹	The United States	All countries minus the United States	Group of Ten plus Switzerland	Group of Ten plus Switzerland minus the United States	Group of Ten plus Switzerland minus the United States and the United Kingdom
1913.....	19		14			
1928.....	32		23			
1937.....	93		53			
1938.....	110		54			
1948.....	55	302	16	97	21	31
1949.....	57	326	17	98	22	26
1950.....	57	237	22	86	27	23
1951.....	41	192	15	62	18	18
1952.....	43	199	15	64	18	20
1953.....	46	186	19	65	23	22
1954.....	44	196	18	65	24	23
1955.....	39	174	17	58	22	23
1956.....	36	158	16	52	20	21
1957.....	35	156	15	50	19	21
1958.....	38	141	20	55	28	28
1959.....	36	115	21	51	28	30
1960.....	32	108	20	45	27	29
1961.....	31	105	20	44	27	30
1962.....	30	90	20	40	27	28
1963.....	28	84	20	37	26	27
1964.....	26	76	18	34	24	28
1965 ² (Jan.-June)	24	60	18	31	23	25

¹ All IMF members plus Switzerland.² As percentage of estimated 1965 imports.*Increases in total reserves, 1958-64, by major areas*

[In billions of dollars]

Country or group	Gold	Foreign exchange	IMF position	Total increase (6 years)	Average annual rate of increase	
					Amount	Percent
Industrial Europe.....	7.7	2.8	2.0	12.5	2.1	10.1
Canada and Japan.....	.2	1.3	.3	1.8	.3	7.9
United Kingdom.....	-.7	-.1		-.8	-.1	
Other Western Europe.....	.6	1.1	.2	1.9	.3	11.5
Australia, New Zealand, South Africa.....	.4	.6	.2	1.2	.2	9.5
Less-developed areas.....	-.2	.6	.2	.6	.1	1.0
Total above.....	8.0	6.3	2.8	17.1	2.9	6.8
United States.....	-5.1	.4	-1.2	-5.9	-1.0	
Total all countries.....	2.9	6.8	1.6	11.3	1.9	3.0

WORLD IMPORTS AND MONETARY RESERVES



* Quarterly data for imports expressed as annual rates.
Source: IMF, International Financial Statistics.

**Exhibit 52.—Remarks by Under Secretary of the Treasury for Monetary Affairs
Deming, February 16, 1966, Washington University Assembly Series Lecture,
on updating our international monetary system**

It is an honor and a great personal pleasure for me to be a guest lecturer in the Washington University Assembly Series. The honor comes, of course, from the high repute of the lecture series. The personal pleasure derives from the fact that I am a triple alumnus of this University. There is nothing quite like the pleasure of lecturing on a campus where one was lectured at so often.

My academic career here stretched over a period of about 12 years, from the onset of the Great Depression to just prior to American entry into World War II. Those were eventful years in many respects, and, in relation to my subject today, they may be classed as quite significant. Particularly in the years 1929–35, there

was a period of severe testing of the banking and monetary system, both in the United States and internationally.

The University, of course, goes back further than I do. In this Founders Week, it becomes officially 113 years old. Not long ago, I heard a very distinguished statesman and a very distinguished central banker both characterize the international monetary system as lagging a century behind the development of national monetary systems.

These comments caused me to look back into our own monetary history to see what was happening at the time this University was founded. I am not at all sure, after doing so, that I would draw this conclusion, at any rate, I would not draw it quite so starkly. In the United States, the year 1853 fell between the demise of the second U.S. bank in 1836 and the establishment of the national banking system in 1863. It was a time when the average citizen had to be careful as to the money he would accept in day-to-day transactions. It is said that, toward the end of that period, there were in circulation 7,000 different kinds of bank notes, 3,000 varieties of altered notes, 1,700 varieties of spurious notes, and over 800 varieties of imitations. One of the major reasons for public support of the National Bank Act was the prospect that a uniform currency could thus be provided. State bank note issues were not taxed out of existence until Congress acted to do so in 1865.

The first clearinghouse for daily settlements among American banks was established in 1853 in New York. It was in 1855 that deposits began to exceed notes for the first time, foreshadowing the very striking development of deposit banking in the ensuing century.

Locally, Missouri had established a single State Bank in 1837, in which the State owned two-thirds of the capital. Iowa prohibited all banks until 1857, when it set up a State Bank. It was not until 1857, when St. Louis had become the eighth largest city in the United States, that the monopoly of the State Bank of Missouri was broken and the chartering of nine banks was permitted. By 1859, there were seven banks in St. Louis, one in St. Joseph, and one in Lexington.

I would not want to suggest that the problems we face today in the international monetary sphere are, in any degree, the same kinds of problems that faced Missouri and the United States in 1853 or those with which the world was dealing in 1929-33. In fact, the reforms and improvements needed by the domestic monetary system a century ago were much more extensive and fundamental than those that now seem to be called for to improve and modernize the international monetary system. For example, most international transactions by the world business community are now efficiently handled by using two or three major reserve currencies. That is to say, there is no multiplicity of confusing currencies for use in private international trade.

There may be a somewhat greater similarity, however, between the present problem and the groping efforts of the U.S. banking system in the 1850's to find a satisfactory monetary supplement to limited supplies of gold and silver. The domestic banking system has found the answer in Federal Reserve notes and in demand deposits that are readily accepted in trade settlements, in part because their quality is protected by governmental supervision and sound banking administration.

There is, today, a need to find a supplement to gold and reserve currencies to assure an adequate future growth in the reserve holdings of the national monetary authorities.

One reason that monetary reserves cannot be expected to meet future needs lies in insufficient new gold supplies, and another lies in the fact that the source in recent times of most additions to reserves—large net dollar outflows—is not expected to continue.

The new supplies of monetary gold that have become available have been insufficient for some years. New gold has been added to monetary stocks at no more than \$500 million to \$600 million a year on the average. Preliminary figures suggest that last year no more than half this much new gold became available. That does not measure the amount of gold added to national reserves, however, because countries were able to enlarge their holdings by acquisition of previously existing gold from the International Monetary Fund and the Bank for International Settlements. But, of course, there are limits to those sources.

For a number of years, an outflow of U.S. dollars has permitted continuing additions to the reserves of the rest of the world. Next to gold, the dollar is the chief international reserve. The dollar outflow resulted from large annual U.S. balance-of-payments deficits from 1958 onwards. Since some of these dollars

were used to buy U.S. gold, our dollar deficits have also resulted in a redistribution to other countries of a part of our gold stock.

It is not in our interest, nor in that of the world that the United States should continue alone to provide for the growth of reserves by dollar outflows, as it has been doing in recent years, in the form of large balance of payments deficits.

The Secretary of the Treasury made it clear last summer that the United States would vigorously pursue the goal of equilibrium in its balance of payments and that we would seek, with the rest of the world, agreement upon additional ways of supplying reserves in the future, through an international procedure rather than solely on the responsibility of the United States.

Although such deliberate creation of international reserves by multilateral action of nations would be something entirely new and uncharted, and the negotiations necessary to attain the objective may be difficult and lengthy, the way for it has been prepared in part by developing within the past 5 years a much higher degree of international monetary cooperation. This new network of cooperative monetary arrangements involves the extension of mutual credit facilities among national monetary authorities far beyond what had existed before.

Let us look at some of the new international arrangements for avoiding international monetary strains. You will note a great and reassuring difference from the situation in the 1930's, when a weakness here and a strain there were permitted to grow into a general rotting of the international monetary fabric.

For meeting short-term credit needs, the United States has taken the lead in developing a network of reciprocal swap facilities with other important financial centers, through the Federal Reserve System, that now has reached the impressive total of \$2.8 billion.

Under these new arrangements, each country agrees to provide its currency to the other upon demand up to specified amounts. Swap operations move in both directions. For instance, the United States is sometimes a net borrower of foreign currencies and sometimes a net lender. Swaps are essentially designed to provide short-term financing facilities.

The Treasury has issued special nonmarketable securities to foreign monetary authorities and has joined with the Federal Reserve System in exchange market operations.

The medium-term credit facilities of the International Monetary Fund were reinforced in 1961-62 with \$6 billion of support pledged by the major countries, and these resources have been invoked twice in the last year or two to deal with strains on the pound sterling.

Still and all, when we come to deliberate creation of new reserve assets, we are in *terra incognita*, in its way, perhaps as much of a departure from past monetary history as the development of space craft and nuclear power departs from tradition in the application of physical sciences. This is one way of stressing that difficult negotiations lie ahead.

Let me pause a moment to emphasize that the present monetary system is by no means decrepit, is not about to collapse, and that it has, indeed, shown itself, in the new credit arrangements we have just been discussing, to have a youthful vigor and openness to creative change that is, in itself, a hopeful indication that new changes can be made successfully. Throughout the postwar period, our free world monetary system has supported an expansion of world production and world trade of unprecedented magnitude. This is a system that needs modification, not replacement. As is true of any successful human institution, be it a university, a government, an industry, or a monetary system, adaptation to changing conditions is both evidence of its vitality and a condition for its survival.

In one vitally important aspect, however, the present international monetary system does threaten to lag behind the march of economic progress. The lag is in its ability to provide for adequate growth in the supply of international money to be held by national monetary authorities as reserves, if large dollar outflows are not to continue. Two elements must be corrected:

First, the system must free itself from undue reliance upon the uncertain and unpredictable flow of newly mined gold into the hands of monetary authorities; and

Second, the system must find some means of expansion in world reserves which does not depend upon continuing large balance-of-payments deficits of the reserve currency countries.

Let me give you a very few of the many facts and figures that lie behind these policy judgments.

Total reserves of the free world amount to the equivalent of nearly \$70 billion. Of this amount, roughly \$41 billion consists of gold, and \$22 billion of official holdings of reserve currencies, of which the largest share is U.S. dollars. Over \$5 billion consists of drawing rights on the International Monetary Fund, which countries can utilize virtually at will. Technically, these are called "gold tranche" or "super gold tranche" positions in the International Monetary Fund. These we have come to designate as "reserve positions in the Fund."

In the 6-year period from the end of 1958 through the end of 1964, the total of free world reserves, excluding those of the United States, increased by just over \$17 billion. This was an average increase of nearly \$3 billion per year. Our study of these data indicates that nearly three-quarters of this increase, or some \$12.5 billion, can be traced to U.S. financing of its very substantial balance-of-payments deficits in the period covered. The United States made net sales of gold to foreign countries of more than \$5 billion during that 6-year period, and our dollar liabilities to foreign monetary institutions—or their dollar claims on us—increased by more than \$6 billion. Finally, our reserve position in the International Monetary Fund declined by more than \$1 billion, with the result that the reserve positions of foreign countries increased by a comparable amount.

The rest of the increase in foreign reserves during the period appears to be made up of an additional \$1.6 billion increase in reserve positions in the Fund and about \$3 billion of newly available gold: including newly mined free world gold and Russian gold sales.

The point I wish to emphasize is that new gold production, even including sales of gold by Russia, contributed, on the average, less than \$500 million annually to the reserves of the free world in these years. In the same period, various methods of financing the U.S. deficit supplied, on the average, over \$2 billion a year to foreign reserves.

Our present estimate is that the U.S. balance-of-payments deficit in 1965 declined to about \$1.3 billion. Our aim is to reach equilibrium in our balance of payments.

The small volume of new monetary gold supplies and the prospective disappearance of the U.S. deficit provided the background against which the Group of Ten major industrial countries—Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States—some 2 years ago began a careful examination of ways for improving the international monetary system. In 1964-65, a subgroup prepared a thorough technical study of ways of creating reserves. Last fall, Secretary Fowler visited a number of the major capitals of Europe to inform his colleagues in Finance Ministries and central banks that the United States believed that, with the completion of the 1964-65 studies, it was now time to begin contingency planning in order to avoid a situation in which the growth of total reserves would be sharply curtailed by the end of the U.S. balance-of-payments deficit.

Last September, the Finance Ministers and central bank Governors of the Group of Ten accepted this view and instructed their Deputies to accelerate their work. They were asked to seek first a basis for agreement in this group of major financial powers, to be followed by a second stage of broader negotiations covering the interests of the world as a whole.

Determination of what is or what is not an adequate level of reserves for the world as a whole is one of the most difficult questions ahead of us, but difficulty in determining an adequate level of world reserves does not relieve us of the necessity of seeking such determination.

We know that most nations have a strong and understandable desire to increase the total of their reserves as their domestic economies expand and as their international trade and financial transactions increase. Recent indications of expectations of major industrial countries as to reserve trends showed a clear tendency on the part of most nations to anticipate that reserves would expand as trade and payments grew.

Where such an expectation is widely held, there is a real danger that a sharp cessation in the expansion of the overall total of reserves might lead to a drift toward nationalistic policies that would restrict international trade and investment as each country tried individually and, probably for the most part unsuccessfully, to preserve a growing trend in its own reserves. If this were to occur, the difficulties might well become cumulative and a competitive cycle could develop which would be most disruptive to economic growth and to international economic cooperation. It could damage the continuing expansion of world trade and disrupt the serious efforts of the developed nations of the world

to assist in a meaningful way the economic development of the less-developed countries.

The most direct use of reserves is, of course, to finance imbalances. But a "comfortable" level of reserves is desired whether or not a particular nation foresees a need to draw upon them. A large volume of reserves insures a country that it will be able to exercise a degree of independent judgment in determining its internal economic policies, if it should get into balance-of-payments difficulties. It means that the country could make the necessary international adjustments at a pace that would not entail extreme internal measures or stringent restrictions on external transactions. Adequate and growing reserves also improve the credit standing of the country, contribute to confidence in that country's currency, and add to its ability to obtain foreign loans when needed.

Over the years, partly for want of a better measure, most studies of the adequacy of reserves have measured reserves against total annual imports. Such studies have shown that individual countries have accepted—or have been forced to live with—varying ratios of reserves to imports. Clearly, the appropriate or indeed the optimum ratio for a particular country should take into account the regularity and dependability of the country's foreign income, the extent to which the country is heavily dependent upon foreign trade, the traditional level of its reserves in prosperous periods, the international use of its currency, and many other factors.

We shall look here at the overall world picture, which shows a declining ratio of reserves to trade, implying a widespread reduction in individual country ratios.

According to a compilation covering countries for which complete data are available, the ratio of total reserves to the annual value of free world imports stood, at the end of 1964, at 46 percent, as against 62 percent in 1958. For the Group of Ten countries, excluding the United States, the ratio fell from 42 percent to 36 percent, even though this group of countries accounted for most of the \$17 billion increase in world reserves which I mentioned earlier. For less-developed countries the ratio of reserves to total imports fell from 46 percent in 1958 to 39 percent at the end of 1964. The ratio for the United States moved from 154 percent to 84 percent during the same period.

The decline of the overall ratio of reserves to trade does not reflect a decline in reserves. Rather it reflects the rapid increase in world trade which has characterized most of the postwar period. The total of free world imports, for example, was approximately \$100 billion in 1958 and nearly \$160 billion in 1964. During this period when trade increased by some 60 percent, world reserves, to take a somewhat more inclusive view than provided by the countries cited above, moved up by about 20 percent.

There is no suggestion either in the statistics or in the theoretical relationship of world trade and reserves that reserves must increase *pari passu* with increases in trade. Trade is financed, in the first instance, in national currencies, and trade credits are extended, for the most part, by the private banking systems of the individual countries.

But these data certainly suggest that the increase of reserves has been anything but excessive relative to the growth of trade.

Reserves are used for settling imbalances which remain among countries after all of the earnings and expenditures arising from trade and capital transactions have been offset in the accounts of each country. The very fact that these trade and financial transactions have grown so rapidly suggests that the amount by which a country may find its payments and receipts falling to balance at any particular time is substantially larger in money terms than it would be at a lower level of transactions.

It is too early to get complete data for 1965 trade and reserve positions. Preliminary indications, however, are that the overall ratio of reserves to trade declined somewhat further in that year. Free world imports appear to have increased by more than \$10 billion, while the increase in reserves was something just over \$1 billion. In order to maintain the ratio of reserves to trade which existed at the end of 1964, the increase in world reserves would have been more than \$4 billion, rather than \$1 billion. And to restore the relationship between imports and reserves prevailing in 1960 for countries other than the United States would call for the addition of about \$5½ billion to the present level of their reserves.

I should note here, however, that reserves, or, more explicitly, "owned reserves," are not the only resource upon which a country can rely if it finds itself in balance-of-payments difficulties. International credit facilities also provide means of financing.

The last substantial institutional revision of the international monetary system occurred some 21 years ago, when the International Monetary Fund was established. That institution was founded in the desire to contribute to the expansion of world trade and the adoption of liberal trade policies by institutionalizing the availability of international credit.

Each member of the International Monetary Fund has a quota governing the amount that may be borrowed from the Fund in case of need and in accordance with well-understood criteria. The Fund is financed by its member countries, who pay in a percentage of their respective quotas (generally 25 percent) in gold and undertake to pay in the balance of their quotas in their own currencies, if these should be needed by the Fund.

Each country may draw, or borrow, its "gold tranche" contribution virtually on demand, simply on a showing that it requires additional international means of payment. As a country's drawings represent progressively larger portions of its total quota, the Fund demands increasing evidence that the drawing country is following economic policies appropriate to a return to balance-of-payments equilibrium. A country's Fund quota, accordingly, except for the "gold tranche" portion, is customarily not regarded as a part of that country's "owned" reserves, because the availability of the credit is conditional.

I should point out also that, when a country's currency is drawn by another country, the country whose currency is taken acquires an asset (or a reduction in its liabilities). Under certain conditions, it acquires a "super gold tranche," which can be drawn at will and without repayment obligations.

The United States has taken the position, in discussing improvements in the world monetary system, that it would be well to explore the possibilities of further improvement in credit facilities as an adjunct to the creation of some new form of international reserve asset. We have felt that owned reserves and credit facilities both have a significant role to play in a flexible and adaptable world monetary system.

All countries have a vital interest in the strength, resiliency, and liquidity of the world monetary system. All countries need adequate reserves and require access to credit facilities. Indeed, as indicated earlier, the developing countries, as a group, hold reserves which bear much the same relationship to their imports as is the case for the major industrial countries, excluding the United States.

There are also, however, differences between major industrial, intermediate industrial, and various groups of developing countries. Thus, it may well be that meeting the reserve and international credit needs of all countries will require more than one technique. Neither a new nor an evolutionary development necessarily need be restricted to a single technique or procedure.

The major industrial nations have had the primary responsibility for insuring that the international monetary system operates smoothly. They account for about 70 percent of the world's total reserves. Their currencies are the ones usually drawn upon when the Fund extends credits, and their real resources are transferred when these credits are utilized. They are exposed at times to disequilibrating capital flows. The Group of Ten countries found it desirable in 1961-62 to take joint action to "forestall or cope with" any threatened impairment of the international monetary system. They did this by pledging loans up to \$6 billion, on which the Fund might call for this purpose.

In the International Monetary Fund, there has been recognition of some of the special monetary needs of the developing countries, in the form of assistance when the incomes of these countries, derived from a limited range of exports, have fluctuated through no fault of their own. Special facilities, known as "compensatory financing arrangements," have facilitated drawings on the Fund to ease these problems.

Thus, there are both worldwide interests and needs, and special interests, needs and responsibilities, in regard to the international monetary system. That is the reason negotiations looking toward modification of the system are proceeding as they are. Currently, the initial negotiations are going forward in the Group of Ten nations. They have worked closely together for some years in international monetary cooperation. For the past 2 years, they have studied extensively the general and technical aspects of new reserve creation. They, I believe, recognize that improvements in the monetary system should take account of the interests of the world as a whole, including both industrial and developing countries.

But, as noted, following a broad basis for agreement within the Group of Ten, further negotiations will take place with the interests of the rest of the members of the International Monetary Fund being directly represented.

At the meeting of the Deputies of the Group of Ten at the end of January, the United States put forward in outline form a proposal for assuring adequate future world liquidity. This proposal involves a dual approach, using two different techniques: A special drawing right in the International Monetary Fund and an entirely new reserve asset in the form of an international reserve unit.

The proposed new drawing rights in the Fund would be in addition, but broadly similar, to those existing drawing rights that are available virtually on demand and that, therefore, have come to be regarded as "reserve positions" in the Fund. The new element involved in the proposal is that new drawing rights could be established in the Fund without a payment of gold to the Fund. Instead, the country acquiring the new drawing right would make an amount of its currency available to the Fund.

A member country could use its special drawing right on a declaration that it had a present need. This proposal is based on the expectation that all members of the Fund would treat these claims on the Fund as reserves and would restore their positions in accordance with the policies applied by the Fund to "reserve positions" in the Fund.

On the basis of experience with the present reserve positions in the Fund, many countries would not make persistent use of these drawing rights. Countries might well prefer to retain these special drawing rights. Countries might well prefer to retain these special drawing rights as reserves while using, if necessary, their normal credit tranches in the Fund, in accordance with existing Fund rules and regulations.

By using the Fund mechanism in this way, the nations of the world would be using a familiar institution and a familiar mechanism. All members of the Fund would be included: The less-developed countries as well as the industrialized nations. The experience of the Fund in the management of drawings would be applied to these new drawing rights, but the primary emphasis would be on their character as reserves rather than as credit availabilities.

Special drawing rights would, of course, need to be backed by cash subscriptions or lines of credit opened in favor of the Fund by all member countries, which could be utilized when the drawing rights were used. In practice, experience has demonstrated that the currencies needed by the Fund members have usually been those of the more highly industrialized countries. It follows that these countries would be called upon to give meaningful and effective support to any system for special drawing rights in the Fund.

In addition to suggesting the development of special drawing rights, which would be closely tied into the operations of a familiar technique, the United States has also proposed creation of a completely new reserve asset. Such an asset is of the general family frequently referred to as a "CRU," since the initials have been used as shorthand for "collective reserve unit" or "composite reserve unit." These phrases are, indeed, descriptive of the type of asset which we have in mind, though it would not embody all the elements sometimes associated with that terminology.

To develop a new reserve asset would be a unique undertaking in the international sphere. The proposal is that a group of major industrial countries should contribute their own currencies, which would be held in a common pool by a trustee. The unit would be, in effect, a composite obligation of these countries. Against these national currency contributions, an equal value of new reserve units would be issued to the members of the group. Each member would receive units equal in value to its own contribution in national currency. The new unit would then be included in the country's reserve totals.

Under this proposal, the reserve unit would have full backing in national currencies. In addition, it would benefit from a firm agreement by the members of the group to accept units offered by another member. While not participating directly in the distribution, management, and responsibility for these reserve units, the interests of other members of the Fund could be taken into account, in an appropriate way, and they would derive benefit from the creation of new reserve units.

I have said that this would be a unique undertaking in international affairs, and so it would. For the first time, leading nations would be establishing machinery for the express purpose of creating a reserve asset which would rest upon the credit of a number of countries and would be accepted by their monetary authorities. The new asset, nevertheless, would fit into the long sweep of international monetary development. A country which is holding dollars or pounds sterling or francs in its international reserves is, in fact, holding the obligation of the United States or the United Kingdom or France. The new reserve unit would represent the

obligation of a group of strong countries banded together, and instruments representing fractional parts of this composite obligation would be freely exchanged among the monetary authorities of members of the group.

The most important attribute which a new reserve unit would have—and which no existing reserve asset possesses—is that its creation would be determined by conscious decision of international representatives looking at the needs of the world for reserves. It would not depend either upon the uncertain and limited supply of new gold produced from year to year nor upon the balance-of-payments position of reserve currency countries.

U.S. agreement on creation of a new asset rests on understanding that the asset would supplement existing reserve assets—gold and reserve currencies. There would be little point in creating a new asset if it were to be used to substitute for present reserves. It is, in other words, designed to be a separate reserve asset with attributes somewhere between gold and reserve currencies, rather than an alternative form of either. When a reserve currency country is called upon to convert its currency into gold, the total of world reserves declines by an equal amount. This is because the gold moves from the reserves of one country into those of another—the total value of gold reserves remaining unchanged. The reserve currency taken in exchange for the gold by the reserve currency country, however, ceases to be an international reserve asset. An international liability and an international asset are simultaneously extinguished. And world liquidity in the form of reserves is reduced. This is not the objective we have in mind. And I am sure it is not the objective of our colleagues in the Group of Ten.

The procedures governing the acceptance of reserve units by its sponsoring members is one of the important questions related to this objective and on which different points of view have been taken.

We believe any new international reserve unit should stand on its own feet. Some versions of the CRU call for a combination of gold and units in international settlements. Our view is that countries entering into the creation and management of a reserve unit will be motivated by a constructive desire to make the new system work, and this interest is the basic reliance for assuring acceptability.

There are many aspects of this subject that I have not attempted to touch upon. The U.S. proposal does not stand alone in the Group of Ten. Other countries have put forward proposals or ideas of their own which differ in various respects from those put forward by the United States. We prefer at this stage to speak of proposals, rather than plans, for many aspects remain flexible and the give and take of negotiations will be required before the Deputies of the Group of Ten can, in the terms of their most recent mandate, “determine and report to Ministers what basis of agreement can be reached on improvements needed in the international monetary system.”

The Deputies have been asked to report to Ministers this spring. I hope that report will reflect a measure of agreement among the highly industrialized countries that we believe must be reached as a prerequisite for discussions in a broader context, where the views of other countries will be examined. I cannot close more appropriately than by quoting President Johnson in his Economic Report to the Congress this year, when he said:

I hope that the major industrial nations—and then the entire community of free nations—will reach an agreement that will make creation of new reserve assets a deliberate decision of the community of nations to serve the economic welfare of all.

Exhibit 53.—Statement by Assistant Secretary of the Treasury Trued, July 8, 1965, before the House Banking and Currency Committee, on H.R. 8816, a bill containing proposals relating to the IBRD and the IFC

I am happy to appear before you in support of H.R. 8816, a bill containing three separate proposals relating to the International Bank for Reconstruction and Development and its affiliate, the International Finance Corporation. I have with me Mr. Ralph Hirschtritt, Deputy to the Assistant Secretary of the Treasury.

Mr. Chairman, the proposals embodied in this legislation have been fully endorsed by the National Advisory Council on International Monetary and Financial Problems, and a copy of its Special Report is before you. The Senate passed a companion bill, S. 1742, by a voice vote on June 30. I shall briefly cover some of the main points.

IBRD lending to IFC

The first proposal would amend the Articles of Agreement of the IBRD and the IFC to permit the Bank to lend to the IFC. This authority will contribute greatly to the continued success of these institutions in encouraging, each in its own way, private investment in the less-developed countries of the free world. I need hardly stress the importance of the role of private enterprise in the economic development of the less-developed areas.

I am sure that the committee is quite familiar with the two institutions. The World Bank, established immediately after World War II, is now engaged primarily in lending to the less-developed countries. It makes long-term loans directly to member governments, public entities, or private enterprises. All loans must be guaranteed by the member in whose territories the project is located. Projects financed and assisted by the Bank are generally basic to the economic structure of the recipient country and typically have been in the fields of transportation, power, and industrial and agricultural development.

The Bank has been highly successful, and it enjoys the reputation of being a sound financial institution. As I have indicated, except in the case of loans made directly to member governments, the borrower is required to obtain a guarantee from the government of the country in which the project is to be located. Often, however, private investors have been reluctant to seek, and in some cases it is difficult for host governments to give, such guarantees. To complement the Bank's operations in promoting assistance to the private sector in the less-developed countries, the Bank sponsored the IFC, which was established in 1956 with the full support of the United States. The IFC invests only in private enterprise projects and does not require host government guarantees of repayment of its investments. The result is that IFC can and does make loans to private enterprise that the Bank cannot make. The proposed legislation would provide additional resources through the IFC for the future stimulation of economic growth through private enterprise.

In its decade of operations, the IFC has promoted the growth of private enterprise activity in the less-developed countries and brought new venture capital where it is needed. By providing financing in conjunction with other investment both local and foreign, and often with only limited use of its own funds, the IFC has facilitated the investment of a much greater aggregate volume of private capital.

The IFC offers a variety of forms of assistance. Its operations fall into three major categories: (1) Loan or equity investments in operating companies; (2) investments in industrial finance companies that relend to local industry; and (3) participation in underwriting and standby transactions for private firms raising capital. Individual IFC investments have been relatively small, generally under \$5 million, and they have been made to a variety of types of manufacturing industries. While it still has funds to invest, the pace of IFC's operations is increasing and it is timely and important to make provision for the future.

To this end, the Executive Directors of each institution in August 1964 recommended to the Governors that Bank resources be made available to the private sector through the IFC. This would be accomplished by permitting the Bank to make loans to the IFC.

The total amount of loans outstanding by the Bank to IFC could not, under the arrangement, exceed four times the unimpaired subscribed capital and surplus of IFC. This limit is about \$400 million based on the IFC's present balance sheet. Bank lending to the IFC would take place only over time and in accordance with IFC's operational requirements.

At their annual meeting in Tokyo last September, the Governors of the Bank and the IFC approved the report of the Executive Directors recommending this proposal. Draft resolutions containing the necessary amendments to the Articles of Agreement are presently before the respective Boards of Governors to be voted on by each Governor after obtaining the necessary authority prescribed by domestic law. The Bretton Woods Agreements Act, authorizing U.S. membership in the Bank, requires congressional authorization for the U.S. Governor to vote for an amendment of the Articles. The International Finance Corporation Act contains a similar provision with respect to amendment of the IFC Articles.

The proposal does not, of course, involve any appropriation or expenditure of funds by the United States. It is fully consistent with the objectives of the United States in promoting private enterprise in less-developed countries and should have our full support. A number of countries have already acted and U.S. action will enable it to become effective.

IBRD capital increases not involving the United States

The proposed legislation would also permit the U.S. Governor to vote for an increase in the authorized capital stock of the International Bank for Reconstruction and Development. This increase would not involve an increase in the U.S. subscription, nor any expenditure of funds by the United States. The present authorized capital of the Bank is \$22 billion. This amount is almost fully subscribed, but it is now apparent that it is not adequate to accommodate the immediate and foreseeable subscriptions of new members and the special increases in the subscriptions of existing members.

As of March 31, 1965, \$21,629 million had been subscribed. An additional \$165 million in new subscriptions and subscription increases have been authorized by the Board of Governors and these are now merely awaiting the completion of formalities. Total subscriptions will then amount to \$21,794. Thus, the limit is now very nearly reached at a time when further subscriptions of about \$900 million may be expected. This further amount will come about as the 16 countries undertaking special increases in their quotas in the International Monetary Fund also increase their Bank subscriptions, in accordance with normal practice. Other subscriptions may also be expected.

Because the resulting increases could not be made under the Bank's existing authorized capital, there is now pending before the Board of Governors a resolution to increase the authorized capital stock of the Bank by \$2 billion. Congressional approval is required for the U.S. Governor to vote in favor of this resolution which, I wish to reemphasize, does not involve any change in the U.S. subscription. In 1963 the Congress approved a similar increase of \$1 billion in the Bank's authorized capital.

The bill before the committee will authorize the U.S. Governor to vote for the present resolution by granting him continuing authority to vote for any such increases in the authorized capital of the Bank when an increase in the U.S. subscription is not involved and hence no U.S. payments or increased obligations result. If an increase in the U.S. subscription is involved, then, of course, congressional authorization would continue to be required.

Reports of the NAC

The third change which would be made by H.R. 8816 would be to permit reports of the National Advisory Council on International Monetary and Financial Problems to be made on an annual basis instead of semiannually and biennially as presently required. This proposal stems from a request by the President that executive agencies review the reports which they are required by statute to submit to Congress for the purpose of determining whether such reports could be eliminated or reduced in number. It is anticipated that the proposed annual reports will contain all the information now contained in the presently required reports while at the same time the number of such reports would be reduced from five to two over each 2-year period.

In connection with this last proposal, it should be noted that Reorganization Plan No. 4 of 1965, submitted by the President on May 27, 1965, would abolish the National Advisory Council as a statutory body and transfer its functions to the President. The President stated, however, that prompt action would be taken to create a successor committee along the general lines of the body now provided by law.

I urge the enactment of H.R. 8816.

Exhibit 54.—Treasury and Federal Reserve foreign exchange operations, March–August 1965

This seventh joint interim report reflects the Treasury–Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Charles A. Coombs, Vice President in charge of the Foreign Department of the Federal Reserve Bank of New York, and Special Manager, System Open Market Account.¹

¹ For previous reports on Treasury–Federal Reserve foreign exchange operations, see 1962 annual report pp. 469–80; 1963 annual report, pp. 386–93; 1964 annual report, pp. 322–39; and 1965 annual report pp. 417–39.

During the period covered by this report—March–August 1965—the exchange markets reflected not only the shifts taking place in underlying balance-of-payments positions but more particularly the speculative pressure focusing on the pound. During the summer months, the market became increasingly skeptical of the outlook for sterling, largely discounting each new measure taken by the British Government to right its payments position and thus failing to reflect the overall improvement that was gradually taking place. For the first 8 months of this year as compared with the same period in 1964, British exports, for example, rose by about 6 percent while imports grew by 1 percent, cutting the trade deficit by well over a third. On the other hand, the turnabout in the U.S. balance of payments following introduction of the Voluntary Foreign Credit Restraint Program and other measures in February was so sharp as to have a major effect on the exchanges. Lingering doubts about the stability of the dollar evaporated, and the U.S. Treasury and Federal Reserve were able to make good progress in reducing the foreign currency commitments that had been undertaken the previous fall and winter when a massive U.S. deficit had coincided with the sterling crisis. To be sure, gold sales by the U.S. Treasury reached very high levels despite the striking improvement in the U.S. payments position. These sales, however, to a large extent resulted from the overhang of dollars that had accumulated in official reserves in earlier months, as well as the persistent surplus position of France whose gold purchase policy has been widely publicized. Italy also continued to experience very large surpluses, but policies were adopted by the Italian authorities that minimized the impact of these surpluses on the exchanges and on official reserves.

It was against this background that the Federal Reserve swap network was further strengthened by increases in the swap arrangements with the Bank of Italy (from \$250 million to \$450 million), the Bank of Japan (from \$150 million to \$250 million), and the Bank for International Settlements (from \$150 million to \$300 million). The swap network now covers reciprocal credit lines totaling \$2.8 billion, as shown in table I.

TABLE I.—Federal Reserve reciprocal currency arrangements, Sept. 1, 1965

Other party to arrangement	Amount (in millions of dollars)	Term of arrangement (in months)
Austrian National Bank.....	50	12
National Bank of Belgium.....	100	12
Bank of Canada.....	250	12
Bank of England.....	750	12
Bank of France.....	100	3
German Federal Bank.....	250	6
Bank of Italy.....	450	12
Bank of Japan.....	250	12
Netherlands Bank.....	100	3
Bank of Sweden.....	50	12
Swiss National Bank.....	150	6
Bank for International Settlements.....	300	6
Total for all banks.....	2,800	

As noted in the previous report covering the period September 1964–February 1965, Federal Reserve drawings on the swap lines amounted to \$380 million equivalent at the end of February 1965. Subsequently, such drawings rose to a peak of \$585 million equivalent on April 6, but by the end of July, all but \$48 million had been repaid. However, partly as a result of intensified pressures on sterling, new Federal Reserve drawings on the swap network become necessary in August, and as of September 17 the System was indebted under the swap lines to the extent of \$228 million, including \$100 million to the Bank of Italy, \$55 million to the National Bank of Belgium, \$48 million to the Swiss National Bank, and \$25 million to the Netherlands Bank.

During the period under review, the Bank of England was the only foreign central bank to draw on its swap facility with the Federal Reserve. Bank of England drawings had declined from a peak of \$700 million on November 27, 1964, to only \$105 million at the end of February 1965. Further drawings in March and April brought the net amount outstanding on May 25 to \$230 million, which was completely repaid on that date out of the proceeds of the \$1.4 billion

TABLE II.—*Drawings and repayments by Federal Reserve System under reciprocal currency arrangements, March 1962–August 1965*

[In millions of dollar equivalent]

Bank and year	Drawn	Repaid within—				Out- standing Aug. 31, 1965
		3 months	3-6 months	6-9 months	9-12 months	
Austrian National Bank:						
1962	50.0	50.0				
National Bank of Belgium: ¹						
1962	30.5	30.5				
1963	25.0	25.0				
1964	145.0	62.5	37.5	45.0		
1965 ²	140.0	45.0	35.0	5.0		
Total	340.5	163.0	72.5	50.0		³ 55.0
Bank of Canada:						
1963	20.0	20.0				
Bank of England:						
1962	50.0	50.0				
1963	35.0	35.0				
Total	85.0	85.0				
Bank of France:						
1962	50.0		50.0			
1963	21.5	21.5				
Total	71.5	21.5	50.0			
German Federal Bank:						
1963	286.0	143.5	142.5			
1964	105.0	105.0				
1965 ²	15.0	15.0				
Total	406.0	263.5	142.5			
Bank of Italy:						
1962	50.0	50.0				
1965 ²	350.0	82.0	168.0			
Total	400.0	132.0	168.0			³ 100.0
Netherlands Bank:						
1962	60.0	50.0	10.0			
1963	150.0	60.0	90.0			
1964	100.0		55.0	45.0		
1965 ²	25.0					
Total	335.0	110.0	155.0	45.0		³ 25.0
Swiss National Bank:						
1962	50.0				50.0	
1963	80.0	5.0	20.0	55.0		
1964	25.0	25.0				
1965 ²	150.0	90.0	12.0			
Total	305.0	120.0	32.0	55.0	50.0	⁴ 48.0
Bank for International Settlements:						
1962	80.0	40.0	5.0	19.5	15.5	
1963	150.0	5.0	65.0	80.0		
1964	100.0		35.0	65.0		
Total	330.0	45.0	105.0	164.5	15.5	
Total for all banks:						
1962	420.5	270.5	65.0	19.5	65.5	
1963	767.5	315.0	317.5	135.0		
1964	475.0	192.5	127.5	155.0		
1965 ²	680.0	232.0	215.0	5.0		
Total	2,343.0	1,010.0	725.0	314.5	65.5	228.0

¹ Data relate to disbursements and repayments under the \$50 million fully drawn portion of the swap facility and to utilization of the \$50 million standby portion available since December 1964.² Figures for 1965 are for first 8 months.³ Outstanding less than 3 months.⁴ Outstanding more than 6 but less than 9 months.

equivalent British drawing on the International Monetary Fund (IMF). To offset speculative pressures developing during the summer months, the Bank of England made new drawings of \$360 million during June and had further recourse to the swap line in July and August.

On September 10 the Bank of England announced that new facilities for support of sterling had been provided by the U.S. monetary authorities together with nearly all of the other central banks that had joined in the November 1964 rescue operation. This new assistance came at a time when further corrective measures had just been announced by the British Government and growing confidence in sterling was evident in the market. Rather than representing a defensive measure taken at a time of pressure on sterling, the current arrangements permit acceleration of a favorable trend. They demonstrate the solidarity of the cooperative arrangements linking the major central banks and treasuries of the free world. Within this defensive network, any government which is fully prepared to defend its currency should be able to mobilize sufficient financial resources to beat off any speculative attack.

A comprehensive view of drawings and repayments under reciprocal currency arrangements between the Federal Reserve System and foreign monetary institutions from March 1962 through the summer months of 1965 is provided in tables II and III. As indicated in table II, nearly half of all Federal Reserve drawings of \$2.3 billion during the period was repaid within 3 months, and almost three-quarters of such drawings were liquidated within 6 months. Similarly, nearly three-quarters of foreign drawings of \$3.1 billion under the arrangements were paid off within 3 months, thus confirming that in practice the swap network has been used—as intended—as a means of providing temporary financing.

In addition to central bank swap transactions, the monetary authorities in a number of countries continued to refine and develop further the use of forward exchange operations as an efficient instrument for dealing with pressures in their markets. The Bank of England continued to exert a strong stabilizing effect on the dollar-sterling forward market, while temporary cushioning operations were also undertaken by the Swiss National Bank, the German Federal Bank, and the Netherlands Bank. In addition, forward operations by the Italian authorities

TABLE III.—*Drawings and repayments by foreign central banks under reciprocal currency arrangements, March 1962–June 1965*

[In millions of dollars]

Bank and year	Drawn	Repaid within—		Outstanding June 30, 1965
		3 months	3–6 months	
National Bank of Belgium: 1963.....	45.0	40.0	5.0	
Bank of Canada: 1962.....	250.0		250.0	
Bank of England: 1963.....	25.0	25.0		
1964.....	1,370.0	1,370.0		
1965 ¹	1,215.0	855.0		
Total.....	2,610.0	2,250.0		1360.0
Bank of Italy: 1963.....	50.0		50.0	
1964.....	100.0		100.0	
Total.....	150.0		150.0	
Bank of Japan: 1964.....	80.0	30.0	50.0	
Total for all banks: 1962.....	250.0		250.0	
1963.....	120.0	65.0	55.0	
1964.....	1,550.0	1,400.0	150.0	
1965 ²	1,215.0	855.0		
Total.....	3,135.0	2,320.0	455.0	360.0

¹ Outstanding for less than 3 months.

² Figures for 1965 are for first 6 months.

had the effect of reducing Italian reserve gains and of simultaneously preventing an excessive buildup of domestic liquidity in Italy by channeling dollar inflows back into the Euro-dollar market. Otherwise, a severe squeeze on Euro-dollar credit availabilities might have been produced by the U.S. Voluntary Foreign Credit Restraint Program. In connection with this operation, the U.S. Treasury once again undertook to share with the Italian authorities sizable commitments in forward lire, which will subsequently be reported in some detail.

The foreign currency bonds issued by the U.S. Treasury rose from a total of \$1,137 million equivalent as of early March to a new peak of \$1,259 million as of September 17. Additional issues of \$125 million equivalent were made to the Bank of Italy and \$23 million to the Bank for International Settlements (BIS) for purposes of absorbing dollars on the books of the Italian and Swiss central banks. On the other hand, as the German balance of payments moved into deficit, it proved possible for the U.S. Treasury to accumulate marks, and on July 12, \$25 million equivalent was employed to retire a maturing mark-denominated bond for that amount previously issued to the German Federal Bank.

Extensive use thus continued to be made by the United States and other major industrial countries of the spectrum of international credit facilities available for financing payments imbalances. One of the more significant developments during the period under review was the U.S. drawing from the IMF. This drawing which provided medium-term financing, permitted repayment of earlier drawings under the swap network, as well as the absorption of dollars temporarily accumulated by foreign central banks, thus economizing on the use of gold in international settlements.

Sterling

By mid-January 1965, sterling began to show signs of recovery from the speculative onslaught of late 1964, and this improvement continued through February. In March, however, the market once again became beset by doubts as to whether the British Government's pledge to defend the sterling parity would be matched by truly effective measures to curb excessive domestic demand and to restrain the inflationary trend of wage settlements. New complications arose as the U.S. Voluntary Foreign Credit Restraint Program led to some withdrawal of funds from London. Large forward commitments previously entered into by the Bank of England also began to mature, but firm defensive operations in both the spot and forward markets facilitated the rolling over of most of these commitments. For those interested in the technical complexities of official intervention in the forward markets, a useful summary may be found in the Bank of England's *Quarterly Bulletin* for June 1965, pages 107-08.

With the announcement of new restraint measures in Chancellor Callaghan's budget message on April 6, sterling moved strongly upward and this trend was reinforced as the Bank of England on April 29 introduced special deposit requirements for the London clearing and Scottish banks and on May 5 requested the London clearing banks to limit the increase in their advances to the private sector to no more than 5 percent during the year ending March 1966. The other banks operating in London and a wide range of other financial institutions were also asked to exercise comparable restraint. However, following the announcement in mid-May of disappointing trade figures for April, the sterling rate once more began to drift downward. The British drawing on May 25 of \$1.4 billion equivalent from the IMF and full repayment with the proceeds of \$1,097 million of short-term central bank credits did little to bolster market sentiment. On the contrary, publication of figures showing a continuing deterioration in the British trade position during the second quarter further undermined market confidence, and substantial support had to be given to both the spot and forward markets. By late July, the market had become convinced that a new crisis was shaping up for the autumn months. Against this ominous background, the British Government took further corrective action on July 27, announcing cutbacks and deferments in public sector spending programs and a further tightening of instalment credit.

Unfortunately, an initially favorable market reaction to the July 27 measures was quickly swamped by the report on August 3 of a reserve loss for July that was much larger than the market had anticipated. As a result, sterling was again heavily offered in both the spot and forward markets, requiring substantial official support. By mid-August, however, the market began to take on a more balanced look, no doubt reflecting in part the improved July trade figures but also suggesting that sterling had become grossly oversold. From time to time, the market gave clear evidence of a squeeze for sterling balances.

Against these mixed developments during August, the British Government on September 2 announced its intention to seek statutory authority to require advance notification and, if deemed appropriate, temporary deferment of wage and price increases. This basic policy action went a long way toward relieving the market's apprehension of a progressive undermining of the sterling parity by wage and price inflation. Meanwhile, negotiations were progressing among the central banks with the objective of providing additional facilities in order to further the recovery of confidence. On Friday, September 10, the Bank of England announced that these negotiations had been completed, stating that:

There is increasing evidence that the measures taken by Her Majesty's Government to restore the United Kingdom balance of payments are having their effect. Sentiment towards sterling in the exchange markets is improving. To further this trend the Bank of England with the full authority of Her Majesty's Government has entered into new arrangements with the central banks of Austria, Belgium, Canada, Germany, Holland, Italy, Japan, Sweden, Switzerland, the United States, and the Bank for International Settlements who cooperated in the support of sterling last November.

These new arrangements take various forms and will enable appropriate action to be taken in the exchange markets with the full cooperation of the central banks concerned.

Immediately following this announcement, concerted market action was initiated. As the spot rate for sterling moved up, short covering developed, causing a further jump in the rate. The recent measures thus appeared to be yielding good results.

Swiss franc

In late 1964, the Swiss National Bank had taken in a sizable amount of dollars as funds moved into Switzerland during the sterling crisis. These dollars were partially absorbed by a Federal Reserve drawing of \$100 million equivalent in Swiss francs in December under the System's swap line with the BIS. Further Swiss franc drawings, amounting to \$60 million equivalent on January 19 and \$90 million equivalent on March 1, were made for the same purpose—this time under the swap line with the Swiss National Bank. Thus, by March 1, the System had utilized \$250 million of its \$300 million credit facilities in Swiss francs. In addition, further dollars were absorbed through Swiss purchases of gold from the U.S. Treasury totaling \$50 million during the first 4 months of the year.

The operations just mentioned, though carried out for the most part during the early months of 1965, were made necessary by the overhang of dollars accumulated by the Swiss National Bank during the latter part of 1964. In point of fact, the Swiss franc began to ease shortly after the yearend as Swiss banks, finding themselves liquid, started to place funds abroad, and the U.S. Treasury was able in February to purchase \$10 million equivalent of Swiss francs in order to reduce by that amount a \$25 million equivalent sterling-Swiss franc swap with the BIS. By March, the rate had moved below \$0.2300, and the Swiss National Bank sold dollars to the market for the first time since 1962. Swiss commercial demand for dollars accentuated the effects of the continued ease in the money market, and this softness in the franc rate persisted through the early summer. Moreover, by the end of April, the Bank of Italy had fully repaid its \$100 million equivalent Swiss franc-lira swap with the Swiss National Bank initiated in June 1964. The Swiss National Bank thus found itself in need of dollars to cover its lira requirements for remittances by Italian workers in Switzerland. Under these circumstances, the U.S. authorities were able to acquire a total of \$175 million equivalent to Swiss francs during the period April-July, to some extent through market purchases but mainly through direct transactions with the Swiss National Bank. These acquisitions were used to reduce a variety of Swiss franc obligations of the System and the Treasury.

At the end of March a start was made on repayment of the System's Swiss franc drawings when \$20 million equivalent of francs was acquired from the Bank of England in connection with a credit to the latter by the Swiss National Bank. These francs, along with \$82 million equivalent purchased during subsequent months, were used to reduce the System's liability under its swap line with the Swiss National Bank from \$150 million to \$48 million equivalent. In addition, the System fully repaid its \$100 million drawing on the BIS, partly with francs acquired through spot purchases and partly with the proceeds of a \$40 million equivalent swap of German marks for Swiss francs with the BIS. (This latter transaction illustrated once again the flexibility of third-currency swaps, where

available balances in one foreign currency can be used to acquire other needed currencies.)

Treasury commitments resulting from forward sales of Swiss francs in the Swiss market, which had been reduced from \$121 million to \$51.5 million equivalent during 1964, were paid down further by \$29 million equivalent to \$22.5 million equivalent by late June. In addition, System forward sales of Swiss francs were completely liquidated. These sales, which had been initiated in December to calm the market and to encourage Swiss banks to invest abroad dollars they might otherwise have sold to the Swiss National Bank, reached a peak of \$32.5 million equivalent by January 8. (The bulk of these contracts were paid off by mid-February through spot purchases of Swiss francs.) Through all these operations, official U.S. commitments in Swiss francs were thus reduced by a total of \$233 million during January-July.

In June, the Swiss franc began to firm, rising to a range of \$0.2307-0.2310, in conjunction with the approach of midyear positioning by Swiss commercial banks. The usual pressures associated with such operations were absent this year, however, as the Swiss authorities acted in both the money and foreign exchange markets to mitigate the seasonal liquidity squeeze. Swiss Confederation bonds falling due at the end of June were only partially refunded, and the Swiss National Bank undertook substantial swap operations with Swiss commercial banks, buying U.S. dollars spot against Swiss francs and selling them back to the banks for delivery after midyear.

Consequently, the Swiss franc remained below its effective ceiling during June, and U.S. authorities continued to acquire Swiss francs from the Swiss National Bank. Opportunities for further acquisitions diminished considerably after midyear, however, as the unwinding of the midyear swaps brought about a tightening in the Swiss money market and the Swiss franc advanced to its effective ceiling. Under the circumstances, the Swiss National Bank decided to repurchase part of the foreign exchange that it had sold on a covered basis to Swiss commercial banks earlier in the year when the domestic market had been excessively liquid. The liquidity thus injected into the market by the reversal of these earlier swaps helped to reduce dollar repatriations by these banks.

Renewed nervousness about sterling in the exchanges held the franc at its ceiling until the latter part of August. Under the circumstances, the Swiss National Bank had to buy additional dollars in the market, and the U.S. authorities in turn absorbed part of this inflow by purchasing dollars from the central bank against Swiss francs. The francs needed for this operation were obtained by sale to the BIS on July 30 of a \$23 million equivalent 15-month Swiss-franc-denominated U.S. Treasury bond. (This sale raised the Treasury's Swiss franc bond indebtedness to \$350 million equivalent.) As the period closed, renewed Swiss commercial demand for dollars and easier Swiss money market conditions brought about a moderate decline of the franc below its ceiling.

Netherlands guilder

Official U.S. commitments in Netherlands guilders reached a peak of \$348 million equivalent on January 8 as a result of operations undertaken during August 1964-January 1965 when the basic Dutch payments position was strong and when, in addition, funds were moving into the Netherlands as a result of pressures on sterling. Thus, the \$100 million Federal Reserve swap facility with the Netherlands Bank had been fully utilized, a temporary \$35 million swap between the U.S. Treasury and the Netherlands Bank had been arranged, another \$50 million of guilders had been acquired through sterling-guilder swaps with the BIS for sale to the Netherlands Bank to absorb dollars, and \$163 million equivalent of guilders had been sold forward in the Netherlands market.

Early in January the \$35 million U.S. Treasury-Netherlands Bank temporary swap was liquidated as Federal Reserve and Treasury sales of forward guilders, initiated in mid-December, induced covered outflows of funds from the Netherlands by the Dutch commercial banks, thus facilitating the acquisition of spot guilders by the U.S. authorities. Commitments on these forward contracts through the market reached a peak of \$197 million equivalent on January 19, but by early February \$10 million of short-dated contracts had been paid off at maturity. Moreover, in the early part of February, the Federal Reserve started to repay its drawings under the swap arrangement, reducing the amount outstanding to \$70 million equivalent by the end of the month. However, major reductions in U.S. commitments had to wait until the early spring and summer months, when the Netherlands balance of payments was seasonally less strong and guilder purchases could be made in size. A Dutch payments deficit did

begin to emerge in March, and by late July the U.S. authorities had acquired a sufficient amount of guilders, mainly through purchases from the Netherlands Bank as it sold dollars in its market, to reduce outstanding commitments by a total of \$225 million equivalent. These acquisitions were made despite the persistence of generally tight money market conditions in the Netherlands and occasional pressures arising from shifts of funds out of sterling. Thus, during March and April, the System purchased enough guilders from the Netherlands Bank to repay a further \$25 million equivalent of its swap drawings. The remaining \$45 million equivalent of swap drawings was paid off in late May with guilders acquired in conjunction with the United Kingdom drawing from the IMF.

In addition to reducing Federal Reserve swap drawings, the U.S. authorities paid off at maturity a total of \$68 million equivalent of forward contracts by late April. As the guilder continued on offer another \$62 million equivalent was acquired by the Federal Reserve and the Treasury in June and July to repay forward contracts at maturity, thereby reducing the total outstanding to \$57 million equivalent. Some of these repayments, occurring as they did prior to midyear, helped relieve tight money market conditions in the Netherlands. In addition, in June the System and the Treasury liquidated a total of \$25 million equivalent of sterling-guilder swaps. Finally, the Netherlands Bank also undertook exchange transactions in July to alleviate the money market pressures generated by a seasonal increase in currency in circulation, buying dollars spot from the Dutch commercial banks and selling them back forward, mainly for 1-month maturities.

Toward midsummer, renewed nervousness regarding sterling contributed to flows of funds into the Netherlands. These flows coincided more or less with the abatement of seasonal pressure on the Netherlands' payments position, and the Netherlands Bank consequently began to buy dollars to prevent too rapid a rise in the guilder rate. Its dollar acquisitions soon raised its total holdings above usual levels, and some absorption of the excess dollar holdings accordingly was called for. Consequently, the U.S. Treasury purchased \$25 million at the end of July with guilders drawn from the IMF under a \$300 million equivalent multi-currency drawing (see section on U.S. drawings on the IMF), and in August the Federal Reserve reactivated its swap arrangement with the Netherlands Bank to the extent of \$25 million equivalent. By the end of August, buying pressure on the guilder diminished as the exchange markets calmed and the Dutch money market eased.

German mark

In late December 1964, the Federal Reserve had drawn \$50 million equivalent under its \$250 million swap facility with the German Federal Bank to absorb dollars taken in by that bank at the time of the sterling crisis. This drawing was reversed in late January, as short-term outflows from Germany combined with German military purchases in the United States enabled the Federal Reserve to acquire \$50 million of marks from the German Federal Bank. Another small drawing of \$15 million equivalent in February was likewise quickly reversed.

Beginning in May, the mark began to display an increasingly softer tone. For some time German import demand had been outpacing export growth, with the result that the previously very sizable trade surplus that had helped to keep the mark close to its ceiling for nearly 2 years began to decline. Indeed, by June the trade account had swung into deficit for the first time since 1958, and the mark was quoted below its par of \$0.2500 for the first time since February 1963. Apart from the sharp shift in the German trade account and the related change in the pattern of leads and lags, there were some indications that the U.S. Voluntary Foreign Credit Restraint Program had had some influence on capital movements, reinforcing the downward pressure on the mark rate. Under these conditions, first the Treasury and then the Federal Reserve began in June to purchase marks systematically, in the market as well as from the German Federal Bank, with a view toward employing the marks to liquidate other foreign currency commitments. Thus, the Federal Reserve purchased \$39 million of marks in June and early July and on July 8 swapped \$40 million equivalent of marks for Swiss francs with the BIS in order to repay the remaining Federal Reserve Swiss franc commitment under the swap drawings from that institution. Additional marks were purchased by the Federal Reserve during July and August, part of which were used on two occasions to acquire a total of \$12.5 million equivalent of Dutch guilders through a third-currency swap with the BIS; an equivalent amount of sterling which had been previously swapped with the BIS for Dutch guilders was simultaneously reacquired.

For its part, the Treasury also employed mark acquisitions to modify its third-currency swaps with the BIS. In late July, the Treasury swapped with that institution \$15 million equivalent of marks for Swiss francs and \$5 million equivalent for Dutch guilders and used the francs and guilders to liquidate equivalent outstanding sterling-Swiss franc and sterling-Dutch guilder swaps with the BIS. At the end of August, the Treasury swapped an additional \$7.5 million equivalent of marks for guilders with the BIS, similarly liquidating an equivalent sterling-guilder swap. Earlier, on July 12, the Treasury had redeemed at maturity a \$25 million equivalent mark-denominated bond. This represented the first reduction in the Treasury's mark-denominated bonds, which were first issued to the German Federal Bank in January 1963 and which reached a total last year of \$679 million equivalent.

Belgian franc

The diminished rate of growth of Belgian economic activity first evident in 1964 carried over into 1965 and contributed to a slowing down in the rise of Belgian import demand. Belgium continued to run a surplus on its balance of payments during the first 8 months of 1965, and with the Belgian franc generally at its ceiling Belgian official reserves increased by some \$47 million. In addition, Belgium's position in the IMF improved by \$108 million during the first 7 months of the year.

At the end of 1964, System drawings under the \$100 million swap arrangement with the National Bank of Belgium amounted to \$45 million equivalent. Continued dollar inflows during January and February were partly absorbed through additional drawings of \$40 million equivalent, and in early March the Federal Reserve utilized the remaining \$15 million of its Belgian franc facility. In addition, the National Bank of Belgium purchased a total of \$62 million in gold from the U.S. Treasury during the first half of the year.

In the latter part of March, demand for dollars in Belgium enabled the System to acquire \$10 million of Belgian francs and reduce its drawings by that amount. However, with the Belgian franc back at its ceiling in April, \$10 million was again drawn to absorb dollars from the National Bank of Belgium. The first major reduction in the Federal Reserve's Belgian franc commitments occurred in late May when the Federal Reserve purchased \$40 million equivalent of Belgian francs from the National Bank of Belgium, following a United Kingdom conversion into dollars of Belgian francs acquired under its \$1.4 billion multicurrency drawing from the IMF.

During July and August, there was a succession of drawings and repayments, reflecting in part temporary swings in Belgium's balance-of-payments position and in part special transactions. In early July, the System once again increased its drawings in Belgian francs—from \$60 million to \$80 million equivalent—before a temporary demand for dollars in Belgium enabled the Federal Reserve to buy the equivalent of \$40 million of Belgian francs from the National Bank of Belgium. In late July, the Federal Reserve liquidated its remaining uncovered Belgian franc position by purchasing from the U.S. Treasury \$40 million equivalent of Belgian francs which the Treasury had acquired under its \$300 million equivalent multicurrency drawing from the IMF. As indicated elsewhere, this operation represented the first funding of a System swap drawing through use by the United States of an IMF drawing. No sooner had the System reconstituted its franc position than dollars once again began to move into the reserves of the National Bank of Belgium on a substantial scale, mainly as a consequence of the renewed pressures on sterling, and the Federal Reserve during August utilized Belgian francs available under its swap facility with that bank to absorb a total of \$55 million.

Italian lira

During 1965, the Italian balance of payments continued to show the effects of the stabilization measures introduced during the two preceding years to deal with the severe payments deficit that had emerged in 1963. In fact, during the first 7 months of this year Italy had a balance-of-payments surplus of over three-fourths of a billion dollars, attributable to record high earnings on invisibles and a much reduced trade deficit. With the Italian financial markets relatively easy as a result of lagging internal demand and a consciously stimulative monetary policy, Italian banks purchased sizable amounts of foreign exchange from the Italian authorities on a swap basis and used the funds to reduce their indebtedness in the Euro-dollar market as well as to finance external trade. Nevertheless, Italian reserves increased, particularly during the summer months when seasonal

factors are favorable to Italy. Under the circumstances, the U.S. authorities employed a variety of techniques to absorb official Italian holdings of dollars.

The Federal Reserve reactivated its \$250 million swap arrangement with the Bank of Italy on January 22 by drawing \$50 million equivalent in lire and selling the proceeds to that bank for dollars. An additional drawing of \$50 million equivalent was made in March. With \$100 million of the \$250 million swap line already utilized and with the prospect of further increases of Italian holdings over the seasonally strong summer months, it was thought desirable to increase the size of the System's swap facility with the Bank of Italy. Thus, on April 1, it was announced that the arrangement had been expanded to \$450 million, and a further \$100 million was immediately drawn. (Of the \$200 million increase in the swap line, \$100 million replaced a standby swap facility for a like amount made available to Italy by the U.S. Treasury in March 1964 as part of a \$1 billion credit package.) In May, the System increased its swap drawings by another \$50 million equivalent in order to absorb additional dollars from the Bank of Italy.

As reported in previous articles, the U.S. Treasury in January 1962 had undertaken to share with the Bank of Italy contracts to purchase forward dollars which that institution had entered into with the Italian commercial banks in order to encourage a reexport of dollars during a period of heavy balance-of-payments surpluses. The last of these contracts had been reacquired by the Italian authorities in March 1964, thus fully liquidating the Treasury's forward lira commitments. In view of the reappearance of substantial Italian payments surpluses, the U.S. Treasury in 1965 began once again to share contracts to purchase forward dollars with the Bank of Italy. In addition, the Treasury sold to the Bank of Italy \$80 million of gold in April, thus absorbing a further part of the dollar inflow and reconstituting part of the gold which Italy had sold to the United States the preceding year.

An opportunity to begin reducing the Federal Reserve's swap drawings became available in late May when the United Kingdom drew \$82 million equivalent of lire from the IMF and sold them to the Federal Reserve, thus permitting the System to reduce its swap drawings by that amount on May 25. A similar operation in connection with a subsequent drawing of lire from the Fund by another member enabled the System to make an additional repayment of \$5 million on July 2. However, as sizable Italian balance-of-payments surpluses continued, it seemed appropriate to fund the drawings still outstanding. Accordingly, in July the United States drew \$180 million equivalent of lire as part of its \$300 million multicurrency drawing from the IMF (see section on U.S. drawings on the IMF). Of this amount, \$163 million equivalent was employed to liquidate outstanding Federal Reserve swap drawings and the balance to absorb uncovered dollars from the Bank of Italy. Another \$125 million was purchased from the Bank of Italy with proceeds from an 18-month lira-denominated bond which the Treasury issued to the Bank of Italy. In August, inflows partly associated with continuing pressures on sterling caused the Federal Reserve to reactivate its swap facility with the Bank of Italy by drawing \$100 million of lire in order to absorb an equivalent amount of dollars.

Canadian dollar

Canada's strong balance-of-payments performance in late 1964, sustained in part by long-term borrowing in the United States and repatriation of funds from the United Kingdom, gave way to a deficit early in 1965, and by March the spot Canadian dollar had fallen below par. This turnabout was in part related to seasonal factors and to a sharp deterioration in Canada's trade account. The U.S. Voluntary Foreign Credit Restraint Program left untouched essential long-term capital flows to Canada but did have the initial effect of inducing U.S. corporations to repatriate an important amount of previous short-term investments in Canada. The great bulk of their withdrawal of short-term funds was apparently met by reduced placement of funds by Canadian banks in New York or other foreign markets and, therefore, had little impact on Canadian reserves.

As a result of a deterioration in the trade and capital accounts, Canadian reserves dipped \$120 million during the first quarter of 1965. However, during the second quarter, if allowance is made for Canada's participation in the United Kingdom's IMF drawing, the net effect of which was to reduce Canadian reserves by \$72.5 million in May, Canadian reserves remained steady on balance helped by Canadian bond sales in the United States during April and May. (The British IMF drawing, together with net use of Canadian dollars by other IMF members, brought about an improvement in Canada's Fund position of \$129 mil-

lion during the first 6 months of the year, thus compensating for a good part of the reserve drain during this period.)

Around midyear, demand for Canadian dollars once again subsided, and the spot rate gradually declined to its low for the period by mid-July, before turning around once again. The renewed firmness in the Canadian dollar appeared linked primarily to the flotation of further bond issues in the United States and the successful negotiations for substantial Russian purchases of Canadian wheat and flour announced in mid-August. Grain houses, anticipating future U.S. dollar receipts from Russia, purchased Canadian dollars forward. In the spot market, the rate advanced to well above par as banks purchased Canadian dollars spot to cover forward commitments to the grain houses, and commercial interests moved into the market in anticipation of a further strengthening in the rate.

During the period under review, no official U.S. operations in Canadian dollars were undertaken.

Other currencies

Japanese yen.—The series of measures aimed at restraining domestic demand that were initiated by the Japanese authorities as early as October 1963 led to a noticeable improvement in Japan's trade position beginning in the latter part of 1964. While import demand this year has remained fairly steady at a high level, exports have set new records. This improved trade performance has largely offset the effects on Japan's reserves of diminished inflows of foreign capital and has permitted the reversal of previous restrictive measures.

On April 1 the Federal Reserve and the Bank of Japan agreed to increase their reciprocal swap arrangement from \$150 million to \$250 million. In view of the above mentioned balance-of-payments developments, no recourse to the swap facility has been necessary during the period under review.

French franc.—France continued to register a substantial balance-of-payments surplus during the first 8 months of 1965 under the influence of a strong export performance and lagging import demand. This development in the trade account reflected, to a considerable extent, the reduced rate of domestic economic expansion associated with the official stabilization program. Official French reserves rose \$241 million during this period notwithstanding a debt prepayment of \$179 million to the United States in July. (In addition, the French position in the IMF improved by \$247 million during the same period.) Most of the dollar gains were used to purchase gold from the U.S. Treasury. Moreover, substantial amounts of dollars acquired prior to 1965 also were converted into gold. Total French gold purchases consequently constituted the largest single element in U.S. gold sales to foreign countries during the first half of the year, accounting for a little over one-half of total sales. In August, the U.S. Treasury used the francs obtained from its \$300 million equivalent multicurrency drawing from the IMF to purchase \$40 million from the Bank of France, thus reducing French dollar reserves by that amount.

Austrian schilling.—As reported in the March 1965 *Bulletin*, the Treasury on February 23 and March 3 issued to the Austrian National Bank two \$25 million equivalent 18-month bonds denominated in Austrian schillings and used the proceeds to absorb some of that bank's dollar holdings. Following these transactions, total Treasury bond indebtedness denominated in Austrian schillings amounted to \$100 million equivalent.

Swedish krona.—On July 30, the U.S. Treasury used kronor obtained from its \$300 million equivalent multicurrency drawing from the IMF to purchase \$15 million from the Bank of Sweden.

U.S. drawings on the International Monetary Fund

Over the course of several years prior to 1964, foreign countries had been repaying more dollars to the IMF than the IMF had been paying out in new drawings. As a result, the Fund's dollar holdings rose to a point where they equaled the amount that the United States had paid into the IMF as part of its quota. At this point the Fund, under its rules, could no longer accept dollars in repurchase, and countries making repurchases could do so only with other eligible convertible currencies or with gold. In order to be able to sell eligible currencies to countries making repurchases, the U.S. Treasury has itself drawn such currencies from the IMF on a number of occasions beginning in February 1964. By the end of 1964, the Treasury had made five drawings totaling \$525 million equivalent in seven continental European currencies. A sixth drawing of this type in the amount of \$75 million equivalent (\$25 million each in Canadian dollars, German marks, and Italian lire) was made on March 22. As in the case of previous drawings, the bulk of the currencies drawn was sold to countries making repur-

chases during the ensuing months. No further drawings for the technical purposes described above were made by the United States through the month of August.

As indicated elsewhere, dollars continued to accumulate in the official reserves of certain European countries during the first half of the year. Some of these dollars were temporarily absorbed by use of the Federal Reserve short-term swap arrangements. Since in certain cases there subsequently appeared to be little near-term prospect for any reversal in these dollar inflows, the U.S. authorities decided to draw on the Fund to acquire foreign exchange on a medium-term basis for use in paying off some of the short-term credits, and otherwise to reduce official holdings of dollars abroad by purchasing dollars with the currencies drawn. In this drawing on July 30, the first occasion on which the United States had made an ordinary, nontechnical drawing on the IMF, the Treasury acquired \$300 million equivalent of five European currencies: Italian lire, \$180 million; French francs, \$40 million; Belgian francs, \$40 million; Netherlands guilders, \$25 million; and Swedish kronor, \$15 million. As detailed elsewhere in this report, the Belgian francs and the bulk of the Italian lire were used to liquidate in full the Federal Reserve swap drawings in the respective currencies. The French francs, Netherlands guilders, Swedish kronor, and remaining lire were used to absorb dollars from the respective central banks.

The United States has thus drawn a total of \$900 million equivalent in foreign currencies from the IMF during the last 2 years. During the same period, other Fund operations in dollars resulted in net disbursements of \$508 million; consequently the U.S. repurchase obligation to the IMF as of the end of August was only \$392 million.

Exhibit 55.—Treasury and Federal Reserve foreign exchange operations, September 1965–February 1966

This eighth joint interim report reflects the Treasury-Federal Reserve policy of making available additional information on foreign exchange operations from time to time.¹

This report was prepared by Charles A. Coombs, Vice President in charge of the Foreign Department of the Federal Reserve Bank of New York, and Special Manager, System Open Market Account.

The announcement on September 10 of new central bank arrangements in support of sterling helped to set the stage for the sharp recovery of sterling this past winter. This operation brought about a definite turning in market sentiment, the effects of which were evident not only on sterling itself but on several major currencies including the dollar. Indeed the air of impending crisis that had hung over the exchanges during so much of the year prior to last September faded rapidly once the success of the September 10 operation became evident. During the succeeding 6 months through February, the period covered by this report, the markets were generally calmer and more orderly than at any time in recent years.

More fundamental than the change in market psychology were the indications that a number of countries were moving away from positions of extreme deficit or surplus and toward better balance-of-payments equilibrium. The persistent payments deficit of the United States at last seemed to be yielding to the latest series of official measures, including most notably the Voluntary Foreign Credit Restraint Program, backed up by gradually tightening credit conditions. At the same time, the U.K. position showed substantial improvement. Although there were fairly wide swings in the capital account, the British trade deficit was narrowing. At the other end of the spectrum, the huge surpluses of Italy and France began to taper off during the winter months as domestic activity expanded.

Other developments that helped to promote stability in the exchange markets this past winter were the actions taken by a number of foreign central banks to minimize the effects on international money and exchange markets of temporary domestic credit squeezes, yearend pressures, and abnormal strains. The Netherlands Bank, for example, resumed swap operations with Dutch commercial banks in the fall (taking in dollars spot and selling them forward), thus providing the domestic liquidity that the banks were seeking through repatriations of foreign assets without running up the central bank's holdings of dollars. Likewise the Italian authorities during the fall continued to engage in swaps with Italian commercial banks, in this case selling spot dollars to the banks under forward repurchase contracts in order to funnel back into private channels dollars that

¹ See also exhibit 54.

otherwise would have been drained off into official reserves. This type of exchange operation, which the Italians had resumed in 1964 when a large payments surplus had reemerged, reached record levels during 1965, and served not only to promote balanced conditions in the Euro-dollar market, but also avoided the possibility of large-scale drains on U.S. gold stock and consequent reduction in international liquidity. To facilitate the Italian operation, first the U.S. Treasury and then, in November, the Federal Reserve System agreed to share the forward exchange contracts assumed by the Italian authorities. Toward the yearend, when some Italian banks began to repatriate dollars they had previously placed abroad, the Italian authorities stepped up the pace of their swaps with other banks to offset partially the effect of these repatriations.

In addition to the Bank of Italy, the Swiss and German authorities also took steps to see that the usual repatriation of funds toward the yearend exerted as little disruptive influence on the international financial markets as possible. The German Federal Bank, for example, temporarily reduced commercial bank reserve requirements during December, thus easing seasonal pressures and, in conjunction with other developments, successfully avoiding the sizable repatriations that had characterized previous years. The Swiss National Bank, following the pattern that it had developed to deal with seasonal pressures in the past, began in early December to take dollars in from the market on a swap basis. Before the end of the month, it had purchased a record \$385 million from Swiss commercial banks under swaps, and had in turn placed them back in the Euro-dollar market via the BIS. All these special arrangements helped to insure that temporary pressures would not cause dislocations in the exchange markets that could easily have complicated the recovery of sterling as well as posed problems in official reserve management.

With the reversal of pressures on sterling and the broad improvement in the position of the dollar, authorities of the United States and the United Kingdom made good progress in reducing short-term commitments. Reflecting the success of the September 10 operation, the improving balance-of-payments trend, and the special central bank arrangements over the yearend, sterling showed sustained strength during the winter months and between September and February the Bank of England took in over \$1 billion, exclusive of substantial receipts used to liquidate maturing forward contracts. As a result, the British authorities were able to pay off not only the special end-of-August U.S. credits of \$140 million, but the entire \$750 million in drawings under the swap line with the Federal Reserve System as well.

TABLE I.—Federal Reserve reciprocal currency arrangements and commitments

Institution	Term of arrangement (in months)	Amount of total facility, Feb. 28, 1966	System commitments		
			Dec. 31, 1964	Apr. 6, 1965	Feb. 28, 1966
		In millions of dollars equivalent			
Austrian National Bank.....	12	50			
National Bank of Belgium.....	12	100	45	100	
Bank of Canada.....	12	250			
Bank of England.....	12	750			
Bank of France.....	3	100			
German Federal Bank.....	6	250	50	5	
Bank of Italy.....	12	450		200	
Bank of Japan.....	12	250			
Netherlands Bank.....	3	100	100	50	
Bank of Sweden.....	12	50			
Swiss National Bank.....	6	1 150		130	
Bank for International Settlements.....	6	1 300	100	100	
Total.....		2,800	295	585	

¹ Of which, half is available in Swiss francs and half in other European currencies.

Similarly, during 1965, System swap commitments were reduced by \$450 million equivalent from a peak of \$585 million in early April to \$135 million equivalent at the end of the year, and the remainder of these drawings was paid off during January and February. Thus, by the end of February, the Federal Reserve swap network—now totaling \$2.8 billion (see table I)—was fully on a standby basis.

During the four years since the first swap arrangement was initiated in 1962, total drawings by the Federal Reserve and foreign central banks have amounted to more than \$6 billion; of this total \$5.6 billion, or 93 per cent, was repaid within 6 months (see tables II and III), and no drawings were outstanding for more than one year.

In addition to swap repayments, System and Treasury forward contracts—exclusive of technical commitments in Italian lire—which had reached a 1965 peak of \$281 million in January, were all paid off. The Treasury also acquired sufficient marks to repay \$175 million equivalent of mark-denominated bonds during the period July–March, thus largely offsetting the increase in foreign currency bonds that had taken place earlier in 1965 (see table IV).

Sterling

By August 1965 the sterling crisis had stretched out over a full year. During this period, the Bank of England twice drew the full amount of the Federal Reserve swap line, \$500 million by November 1964 and \$750 million by August 1965, while also receiving sizable credits from other central banks. At the end of August the Bank of England drew supplementary credits of \$140 million from the Federal Reserve and U.S. Treasury. In December 1964 and May 1965 the British authorities drew the full \$2.4 billion available to them from the International Monetary Fund and received \$120 million in medium-term credits from Switzerland; of that total of \$2.5 billion, around \$2.1 billion was used to repay earlier short-term credits from the Federal Reserve and other central banks. Throughout this period, not only the British financial authorities but central banks and treasuries all over the world lived under the constant threat that the pressures against sterling might have seriously disturbing effects upon the flow of world trade and payments.

While short-term central bank credits and subsequent funding operations through the IMF provided the basic defense line for sterling during this troubled period, inadequate recognition has been given to the success of Bank of England operations in the forward market that were conducted forcefully and with great technical skill during the course of the year. Such large-scale operations in the forward market not only exerted at critical moments a highly salutary influence on market confidence, but also had the vitally important effect of relieving pressure on the spot market and British dollar reserves by providing at reasonable cost the alternative of hedging in the forward market. In the absence of such forward operations, it seems all too clear that the drain upon British reserves and utilization of central bank credits would have been much heavier and consequently would have aggravated still further an already dangerous crisis.

As noted in the previous report in this series,¹ one of the most striking features of the sterling market during the summer of 1965 was the skepticism of the market regarding the effectiveness of the series of policy measures taken by the British Government to correct the deficit in the British balance of payments. There was, in fact, impressive statistical evidence that these policy correctives had begun to yield results; during the first 8 months of 1965, for example, British exports had risen more than 5 percent over the corresponding period of 1964, while the rise in imports was negligible. With price and wage pressures continuing, however, the market remained convinced that sterling was heading into a new and even more serious crisis, and by the late summer of 1965 market confidence in sterling had withered away almost to the vanishing point. At this moment, the British financial authorities were again confronted with a crisis situation which was in many respects even more dangerous than the flight from sterling in November 1964. As of August 31, the British drawing rights of \$2.4 billion with the IMF had been exhausted, short-term credits from the Federal Reserve and U.S. Treasury had reached the sizable total of \$890 million, while very heavy commitments in the forward market had also been assumed. The market was aware of the heavy depletion of foreign credit resources during the preceding year and increasingly questioned whether Britain's financial defenses would not collapse simply for lack of funds.

It would indeed have been a major tragedy if the forces of speculation had overwhelmed sterling at this point through lack of outside assistance, more particularly since selling pressure on sterling was showing signs of exhaustion and from time to time market shortages of sterling began to appear. The bonds of mutual interest linking the central banks and treasuries of the Western world again proved their strength, however, and in a special meeting at the BIS on

¹ See exhibit 54.

TABLE II.—*Drawings and repayments by Federal Reserve System under reciprocal currency arrangements, March 1962–February 1966*

[In millions of dollars equivalent]

Bank and year	Drawings ¹	Repaid within			
		3 months	3-6 months	6-9 months	9-12 months
Austrian National Bank:					
1962.....	50.0	50.0			
National Bank of Belgium: ²					
1962.....	30.5	30.5			
1963.....	25.0	25.0			
1964.....	145.0	62.5	37.5	45.0	
1965.....	150.0	70.0	75.0	5.0	
Total.....	350.5	188.0	112.5	50.0	
Bank of Canada:					
1963.....	20.0	20.0			
Bank of England:					
1962.....	50.0	50.0			
1963.....	35.0	35.0			
Total.....	85.0	85.0			
Bank of France:					
1962.....	50.0		50.0		
1963.....	21.5	21.5			
Total.....	71.5	21.5	50.0		
German Federal Bank:					
1963.....	286.0	143.5	142.5		
1964.....	105.0	105.0			
1965.....	15.0	15.0			
Total.....	406.0	263.5	142.5		
Bank of Italy:					
1962.....	50.0	50.0			
1965.....	350.0	82.0	268.0		
Total.....	400.0	132.0	268.0		
Netherlands Bank:					
1962.....	60.0	50.0	10.0		
1963.....	150.0	60.0	90.0		
1964.....	100.0		55.0	45.0	
1965.....	25.0		25.0		
Total.....	335.0	110.0	180.0	45.0	
Swiss National Bank:					
1962.....	50.0				50.0
1963.....	80.0	5.0	20.0	55.0	
1964.....	25.0	25.0			
1965.....	150.0	90.0	12.0		48.0
Total.....	305.0	120.0	32.0	55.0	98.0
Bank for International Settlements:					
1962.....	80.0	40.0	5.0	19.5	15.5
1963.....	150.0	5.0	65.0	80.0	
1964.....	100.0		35.0	65.0	
Total.....	330.0	45.0	105.0	164.5	15.5
All banks:					
1962.....	420.5	270.5	65.0	19.5	65.5
1963.....	767.5	315.0	317.5	135.0	
1964.....	475.0	192.5	127.5	155.0	
1965.....	690.0	257.0	380.0	5.0	48.0
Total.....	2,353.0	1,035.0	890.0	314.5	113.5

¹ No drawings were outstanding at the end of the period.² Data relate to disbursements and repayments under the \$50 million fully drawn portion of the swap facility and to utilization of the \$50 million standby portion available since December 1964.

TABLE III.—*Drawings and repayments by foreign central banks under reciprocal currency arrangements, March 1962–Feb. 28, 1966*

(In millions of dollars)

Bank and year	Drawings ¹	Repaid within	
		3 months	3-6 months
National Bank of Belgium:			
1963.....	45.0	40.0	5.0
Bank of Canada:			
1962.....	250.0		250.0
Bank of England:			
1963.....	25.0	25.0	
1964.....	1,370.0	1,370.0	
1965.....	1,765.0	1,290.0	475.0
Total.....	3,160.0	2,685.0	475.0
Bank of Italy:			
1963.....	50.0		50.0
1964.....	100.0		100.0
Total.....	150.0		150.0
Bank of Japan:			
1964.....	80.0	30.0	50.0
All banks:			
1962.....	250.0		250.0
1963.....	120.0	65.0	55.0
1964.....	1,550.0	1,400.0	150.0
1965.....	1,765.0	1,290.0	475.0
Total.....	3,685.0	2,755.0	930.0

¹ No drawings were outstanding at the end of the period.TABLE IV.—*U.S. Treasury securities, foreign currency series, outstanding Jan. 1, 1965–Mar. 1, 1966*

(In millions of dollars equivalent)

Issued to	Out- standing Jan. 1, 1965	Transactions: (+) denotes issued; (-) redeemed					Out- standing Mar. 1, 1966
		1965				1966	
		I	II	III	IV	Jan.-Feb.	
Austrian National Bank.....	50.3	+50.3					100.7
National Bank of Belgium.....	30.1						30.2
German Federal Bank.....	678.7			-25.1	-50.3	-100.6	501.0
Bank of Italy.....				+124.8			124.8
Swiss National Bank.....	257.4						257.3
Bank for International Settlements ¹	69.5			+23.2			92.6
Total.....	1,086.0	+50.3	0	+122.9	-50.3	-100.6	1,106.6

¹ Denominated in Swiss francs.

NOTE: Discrepancies in amounts are due to valuation adjustments and rounding.

September 5 the Bank of England and the Federal Reserve enlisted the support of nine other central banks and the BIS in a new operation in support of sterling. (Under these new arrangements, the Federal Reserve agreed to provide an additional \$200 million for cooperative action on the exchange markets while the U.S. Treasury supplied a further substantial amount.)

This new operation was based upon a policy decision of the British Government to take determined action to arrest the inflationary trend of prices and wages that had been progressively undermining the position of sterling and creating

market fears of devaluation. Announcement on September 1 of the British Government's intention to seek Parliamentary authorization of new powers to deal with the wage-price spiral had in fact brought an immediate improvement in market sentiment and a more buoyant tendency in the sterling rate. The central banks that agreed to participate in a new support operation for sterling were also well aware of the fact that speculative pressures over the preceding year had left sterling in a grossly oversold position, both in the spot and forward markets. In fact, the technical position of sterling in the exchange markets had become so favorable as to open up an excellent opportunity for executing a bear squeeze.

This official counterattack was launched on September 10 with good results. At 9 a.m. New York time and 2 p.m. London time, the Bank of England announced the negotiation with the central banks of Austria, Belgium, Canada, Germany, the Netherlands, Italy, Japan, Sweden, Switzerland, the United States, and the BIS of new arrangements that would enable appropriate action to be taken in the exchange markets with the full cooperation of the central banks concerned. Fifteen minutes later, the Federal Reserve Bank of New York, operating for System account, simultaneously placed bids for sterling totaling the equivalent of nearly \$30 million with all the major banks operating in the New York exchange market at the then-prevailing rate of \$2.7918. The market rate immediately reacted upward, and the Federal Reserve pursued the upward movement with new and higher bids until the rate of \$2.7934 was reached; at this rate level, \$9 million equivalent of sterling was sold by the market to the Federal Reserve. After the rate had held at this level for a certain interval, the New York Bank proceeded to bid the rate up still further. By the close of the day the rate had risen to \$2.7945, and Federal Reserve sterling purchases totaled no more than \$13 million equivalent.

On the following day, in both London and New York, market forces took over and bid the rate up so strongly that the Bank of England intervened to limit the rise and in the process began an accumulation of dollars that continued almost without interruption over the following 5 months. Since the intervention by the Federal Reserve on September 10 succeeded in triggering such a strong shift in market expectations, possibilities of simultaneous intervention in support of sterling by other central banks in their markets did not have to be called into play but remain available if and when needed.

The major swing in the position of sterling since the bear squeeze was initiated on September 10 has apparently reflected not only extensive short covering but also a major improvement in the British balance-of-payments position during the fourth quarter of 1965. Since the turn of the year, favorable seasonal forces have also come into play, with the result that the sterling rate moved into new, high ground during January and the Bank of England took in a further sizable amount of dollars. In February, however, poor trade figures for January and rumors of an early election (announced on February 28 for March 31) tended to unsettle the market by injecting new elements of uncertainty. Exchange traders understandably took a more cautious view, which became reflected in a narrowing of the sterling market and a reduced rate of reserve gains by the Bank of England.

As dollars have flowed back to the Bank of England since September, the Bank has shown a scrupulous regard for honoring the maturity dates of its short-term borrowing from foreign financial authorities. Of the total influx of more than \$1 billion during the 6 months' period, September 1965-February 1966, the Bank of England has devoted \$890 million to repaying in their entirety credits received during the summer months of 1965 from the Federal Reserve and U.S. Treasury. Simultaneously, the Bank of England has succeeded in liquidating a very substantial part of its forward exchange commitments and has thereby strengthened its hand for dealing with any new pressures in the forward market. With so much of the inflow of dollars thus used in liquidating official debt and forward market commitments, the British Government, on March 1, deemed it useful to reinforce its official reserves by shifting \$885 million of liquid dollar assets from its securities portfolio into the official reserves. This action raised British official reserves to a level of \$3,648 million, an increase of \$1,064 million over the end-of-August-1965 level. As noted by Chancellor Callaghan, these reserve availabilities are effectively enlarged by the reconstitution of the \$750 million swap line with the Federal Reserve, an unused Export-Import Bank credit line of \$250 million, and the remaining \$500 million in the British Government securities portfolio to an overall figure in excess of \$5 billion. Together with the facilities from the September 10 package, this adds up to an impressive total of financial resources which can be readily deployed to deal with any recurrence of speculative pressure on sterling.

Swiss franc

The heavy demand for Swiss francs that had prevailed during most of 1964 appeared only sporadically during 1965. Indeed, francs frequently were on offer in the exchange markets—despite a sharp reduction in Switzerland's trade deficit last year. Under these circumstances, U.S. authorities were able to purchase large amounts of Swiss francs. Since March 1965, a total of \$299.6 million of short-term Swiss franc commitments has been liquidated.

About one-half of the commitments that were repaid had been incurred during January and March to absorb dollars taken in by the Swiss National Bank at the end of 1964. After the turn of the year the franc rate began to ease, and the U.S. authorities were able to purchase Swiss francs throughout the spring and early summer; between March and July, purchases totaled some \$239 million, including \$20 million equivalent purchased from the Bank of England and \$40 million acquired under a German mark-Swiss franc swap with the BIS. These francs were used to liquidate \$202 million of the Federal Reserve's \$250 million drawings under the swap arrangements and \$37 million of Federal Reserve and Treasury forward market sales.

In mid-July, however, the Swiss franc rose to its effective ceiling of \$0.2317½ in connection with the unwinding of midyear swaps and inflows of funds from London. Consequently, the Swiss National Bank bought dollars in its market and the U.S. Treasury absorbed \$23 million of these gains with the proceeds of a Swiss franc-denominated bond issued to the BIS. This bond sale raised the Treasury's Swiss franc bond indebtedness to \$350 million equivalent.

In mid-August the Swiss franc began to back away from its ceiling, as tensions associated with sterling subsided and the Swiss money market became easier. By October the franc had dipped to \$0.2314 as short-term funds were placed abroad, and the Swiss National Bank began late that month to meet some of its current dollar requirements by selling Swiss francs to the Federal Reserve. These and other purchases enabled the System by early December to liquidate its remaining \$48 million equivalent swap drawing from the Swiss National Bank. Also, during December the final \$22.5 million equivalent of Treasury forward market commitments was paid off.

It is significant that these repayments extended into December, a period when the Swiss franc is usually at its ceiling as a result of repatriations of short-term Swiss assets. On previous occasions the Swiss National Bank met these pressures partly through outright purchases of dollars and partly through short-term swaps with the commercial banks. But in 1965 the Swiss National Bank began on December 1 to buy dollars from Swiss banks on the basis of 1-month swaps. These swaps—which eventually reached a record level of \$385 million—made it possible for the Swiss National Bank to minimize the increase in its uncovered dollar position. At the same time, the Swiss National Bank acted to insure that this inflow of dollars did not result in a tightening of the Euro-dollar market; as it absorbed dollars under these short-term swaps with the market, it simultaneously entered into gold-dollar swaps with the BIS and that institution immediately invested most of the dollars in the Euro-dollar market.

After the yearend the Swiss franc eased further below its ceiling, and during January and February the spot rate was generally below \$0.2310, despite heavy trading volume on occasion. In February and early March, dollar requirements of the Swiss Confederation prompted the Swiss National Bank to purchase \$33.5 million from the Federal Reserve with Swiss francs. Most of the francs were then used to repay \$30 million of the System's \$40 million equivalent German mark-Swiss franc swap with the BIS. Thus, by early March, outstanding U.S. short-term Swiss franc indebtedness had been reduced to only two German mark-Swiss franc third currency swaps with the BIS—one for \$10 million equivalent for System account and one for \$15 million equivalent for Treasury account. Both Federal Reserve swap lines in Swiss francs were fully on a standby basis, and there were no outstanding forward commitments, while medium-term indebtedness had increased by only \$23 million to \$350 million equivalent.

Netherlands guilder

During the course of 1965, the Federal Reserve and Treasury were able to purchase at only nominal cost to U.S. gold reserves sufficient guilders to liquidate all outstanding commitments to the Netherlands Bank, the BIS, and Dutch commercial banks. Most of these obligations had been undertaken during the August 1964-January 1965 period when a strong Dutch balance-of-payments position and a flight from sterling contributed to large dollar gains by the Netherlands Bank.

Overall U.S. commitments in guilders had reached a peak of \$348 million equivalent by January 8, 1965. Progress in reducing these commitments was slow until the spring, when the Netherlands balance of payments weakened seasonally and the dollar began to show the first positive effects of corrective U.S. balance-of-payments measures. At that point, the U.S. authorities were able to begin purchasing sizable amounts of guilders from the Netherlands Bank, and by late July the System had repaid virtually all its \$223.7 million equivalent in guilder commitments, while the Treasury had reduced its obligations by \$39.2 million to \$69.4 million equivalent.

Toward midsummer, the Netherlands Bank resumed taking in dollars. Consequently, at the end of July the U.S. Treasury purchased \$25 million from the Netherlands Bank with guilders drawn from the IMF, and in August the Federal Reserve drew \$25 million equivalent under its swap arrangement with the Netherlands Bank.

Beginning in late September the guilder eased gradually as funds flowed back to London, and later in the fall the demand for dollars picked up as Dutch imports accelerated, largely in anticipation of the imposition of new excise taxes on January 1, 1966. With the Netherlands Bank selling dollars in support of the guilder rate, the Federal Reserve Bank of New York was able to purchase from the Netherlands Bank guilders totaling \$56.9 million equivalent between late September and mid-December and to repay at maturity all the remaining Treasury forward guilder commitments to the market. Continuing support operations by the Netherlands Bank in December further reduced its dollar holdings, and in late December this Bank was able to acquire sufficient guilders from the Netherlands Bank to repay all the remaining official U.S. commitments in guilders: \$25 million equivalent under the System's swap arrangement with the Netherlands Bank and the two \$12.5 million German mark-Dutch guilder swaps with the BIS for System and Treasury account.

Belgian franc

The dollar rate rose in Brussels at the end of 1965 after having been subject to virtually uninterrupted downward pressure for more than a year, and the Belgian market was in relative equilibrium during the first 2 months of 1966. As a result, the National Bank of Belgium ceased taking in dollars in the exchange market and instead found it necessary on occasion to buy dollars for current needs. Consequently, during this period the Federal Reserve was able to acquire sufficient Belgian francs to eliminate its short position in that currency.

The Federal Reserve swap line of \$100 million with the Belgian National Bank was heavily utilized during the first 8 months of 1965. Early in the year the facility was fully drawn by the Federal Reserve, and although subsequent developments made it possible to repay these drawings by the end of July, a renewed downward movement of the dollar rate in Brussels during August in connection with U.K. balance-of-payments difficulties led to further employment of the swap line. Thus, at the beginning of the period covered by this report, the Federal Reserve had utilized \$55 million equivalent of Belgian francs available under the \$100 million arrangement.

In mid-September the Belgian franc moved away from its ceiling when the situation in the United Kingdom began to improve and the Belgian National Bank sold dollars in order to maintain smooth conditions in the market. Consequently, early in October the Federal Reserve was able to purchase \$15 million of francs from that bank and to reduce correspondingly its Belgian franc commitments under the swap line. The franc temporarily returned to its ceiling in November, however, and the Federal Reserve System absorbed \$10 million from the Belgian central bank with funds available under the swap facility. Then in December the franc eased once again, and the National Bank of Belgium sold \$15 million equivalent of francs to the System. Thus, by the yearend, uncovered System commitments in Belgian francs amounted to \$35 million equivalent. In early 1966, the National Bank again sold dollars when commercial demand for dollars developed in Belgium, and the System was then able to cover its remaining franc commitments. By January 14, the Federal Reserve swap line with the National Bank of Belgium was fully available.

German mark

Germany's official reserves fell by \$377 million last year, and a further drop occurred during the first 2 months of 1966. This decline reflected mainly a sharp increase in German expenditures for foreign goods and services as a result of boom

conditions in the domestic economy. As Germany's trade and services account moved into deficit last spring, marks began to come on offer in the exchange markets and the spot rate eased significantly below its ceiling for the first time in nearly 2 years. By June the rate had dipped below par, as the German trade surplus virtually disappeared. Then, beginning in October, demand for marks picked up, mainly in connection with foreign subscriptions to German-mark bond offerings by foreign borrowers and the adoption in Germany of a more restrictive monetary policy—the effect of which was in part to prompt a repatriation of German funds and substantial borrowings abroad by German corporations. Under the circumstances, the spot mark rose to parity late in the month and held there until mid-December, while marks for 3-month forward delivery moved to a discount. The customary large yearend repatriation of funds did not occur, however, partly because the German Federal Bank had moved to ease bank liquidity, and thereby to temper the inflow of funds for yearend purposes, by suspending for December the August 1964 increase of 10 percent in commercial bank reserve requirements, and partly because of the inflow of short-term funds in earlier months. In fact, by the time the Christmas holidays were over, the mark had begun to come on offer as a result of repayments of corporate borrowings abroad and some short-term outflow of funds. With Germany's overall balance of payments continuing in deficit, the mark eased further in January and February, reaching \$0.2490 in mid-February.

In June 1965 the decline in the mark rate had prompted this Bank to initiate substantial purchases of marks, both in the New York market and directly from the German Federal Bank, in order to strengthen the overall official U.S. foreign currency position, to begin repayment of outstanding U.S. Treasury mark-denominated bonds, and to liquidate other commitments. In all, U.S. authorities purchased a little over \$300 million equivalent of marks between late June 1965 and March 1, 1966.

These mark purchases were used for a variety of purposes. Initially, the System on July 8 sold to the BIS \$40 million equivalent of marks for Swiss francs on a 3-month swap basis and used the francs to liquidate its remaining Swiss franc drawing under the swap arrangement with that institution. Then in July the Treasury substituted \$15 million of marks for sterling in a sterling-Swiss franc swap with the BIS, and in July and August the System and Treasury each substituted another \$12.5 million equivalent of marks for sterling in outstanding sterling-guilder swaps with that institution.¹ The largest operation in marks, however, consisted of repaying at maturity a total of \$175 million of U.S. Treasury bonds denominated in German marks. The Treasury had begun to issue such bonds to the German Federal Bank in January 1963, and commitments eventually reached a peak of \$679 million equivalent by 1964. Repayments were initiated on July 12 when a \$25 million equivalent bond matured. Subsequently, bonds of \$50 million equivalent each were repaid on October 1, 1965, and on February 1 and March 1, 1966. The Federal Reserve and the Treasury meanwhile added \$20 million and \$14 million of marks, respectively, to their balances available for future operations.

Canadian dollar

The Canadian dollar eased gradually below parity by midsummer, with the spot rate declining as low as \$0.92¼ in early July. This easing was partly seasonal but also reflected a sharp rise in imports, in response to the continuing high level of Canadian economic activity, as well as the initial impact of the U.S. Voluntary Foreign Credit Restraint Program. That program, while leaving untouched essential long-term capital flows to Canada, gave rise to large outflows of short-term U.S. funds, and Canadian banks drew heavily on resources available in the Euro-dollar market. Beginning in late July, however, the spot Canadian dollar began to firm as a bulge in Canadian bond offerings in the United States together with substantial Russian purchases of Canadian wheat and flour added to upward seasonal pressures. Heavy demand for Canadian dollars in August and September resulted in substantial official reserve gains; these were partially absorbed by the U.S. Treasury in September when it swapped temporarily with the Bank of Canada Canadian dollars that it had drawn from the IMF for eventual sale to

¹ In the fall of 1964, both the System and Treasury needed guilders to absorb dollars from the Netherlands Bank and consequently swapped some of their excess sterling balances for guilders with the BIS, purchasing the guilders spot and selling them forward against sterling. By substituting marks for sterling in these swaps, both the System and the Treasury were in effect reconstituting their sterling balances while leaving unchanged their forward commitments to deliver guilders and Swiss francs to the BIS.

countries repaying the Fund. More balanced conditions prevailed in October, and reserve increases that month reflected essentially the progressive unwinding by the Treasury of its swap with the Bank of Canada.

In the final 2 months of the year, the exchange market was less even, the spot rate fluctuating rather widely in response to alternating pressures. The rate dipped when the market learned of the U.S. Government's request in late November that Canadian issues scheduled for placement in the United States prior to the yearend be deferred until early 1966, and again in response to the December 6 U.S. measures raising domestic interest rates and curbing capital outflows. The rate recovered quickly, however, once initial uncertainties disappeared and the market readjusted to the generally tight short-term money market conditions in Canada and the yearend preparations for some \$200 million of portfolio-capital inflows scheduled from the United States in January 1966.

By early December, the Treasury had sold virtually all the \$60 million of Canadian dollars drawn from the IMF in September. In anticipation of a new U.S. drawing of Canadian dollars from the IMF, the Treasury swapped with the Bank of Canada US\$10 million for Canadian dollars. This swap was repaid from the proceeds of a \$100 million Canadian dollar drawing from the Fund on January 4, 1966.

Italian lira

During 1965, Italy's balance-of-payments surplus doubled to \$1.6 billion as domestic economic activity continued sluggish. The impact of this record surplus on international financial markets and reserves was minimized, however, since United States and Italian monetary authorities undertook a variety of measures to offset the inflow of dollars. In this respect, a recent statement by Paolo Baffi, General Manager of the Bank of Italy, is of interest. Mr. Baffi noted that during the 1940's and 1950's Italy had achieved an outstanding success first in stopping inflation and then in achieving a high and stable rate of growth. He went on to say: "Our distinction during the sixties has been so far of a more doubtful nature, since it has been based mainly upon the extraordinary magnitude of our balance-of-payments swings. Now that we are in the upswing and approaching a total gold and foreign exchange reserve of \$5 billion, we have not chosen to add to that distinction by making ourselves a nuisance. We have always been ready to cooperate in all appropriate ways so that the present international monetary system would work while progress is being made on the slow path of reform. Just to give an instance, we have extensively used the recent surplus in our balance-of-payments to reduce drastically our borrowing in the Euro-dollar market. This reflow of dollars from Italy to the Euro-dollar market was partly due to market considerations, but also was the result of the readiness on the part of the monetary authorities to provide to our banks alternative facilities."¹

A major portion of Italy's potential reserve gain was reabsorbed directly by the Italian commercial banks under swap arrangements with the Italian authorities. In addition, some \$572 million of official Italian dollar gains was absorbed by the U.S. authorities during the period January-August 1965 (as detailed in the previous report): swap drawings by the Federal Reserve on its expanded arrangement with the Bank of Italy totaled \$350 million (\$250 million of which was repaid from the proceeds of lira drawings on the IMF that the Federal Reserve purchased from the U.S. Treasury, the United Kingdom, and Ceylon); a Treasury lira-denominated bond of \$125 million equivalent was sold to the Bank of Italy; \$17 million was purchased with lire drawn from the IMF; and \$80 million was absorbed by a Treasury sale of gold.² In February 1966 the Federal Reserve was able to acquire sufficient lire to repay the remaining \$100 million equivalent swap drawing with the Bank of Italy.

Although the Italian payments surplus remained substantial, it diminished considerably during the winter months, partly for seasonal reasons. After August, reserve gains were largely limited to a temporary bulge over the yearend reflecting repatriated funds. In general, swaps between the Italian authorities and the Italian commercial banks offset official dollar receipts, and no additional direct absorption of dollars from the Italian authorities was necessary. Such swaps had already reached substantial proportions as early as March 1965, and it was agreed at that time that the U.S. Treasury would begin sharing with the Italian authorities technical commitments for these swap contracts with the

¹ Statement at the meeting of the National Industrial Conference Board in New York City, Oct. 7, 1965.

² This purchase by Italy represented a partial reconstitution of the \$200 million of gold sold to the United States during 1964.

Italian banks. The Treasury had undertaken similar commitments, beginning in January 1962 and continuing until the contracts between the Italian authorities and Italian banks were fully liquidated as Italy's balance-of-payments swung into deficit in 1963.¹

Not only did these arrangements have the effect of reducing Italy's potential demand for gold, but they helped materially to avoid a potentially disturbing squeeze for dollars that might have arisen on the international markets as a result of the U.S. balance-of-payments program. As Italian banks received dollars from the Bank of Italy under these swap arrangements, they placed funds in the Euro-dollar market, thereby replacing funds being repatriated to the United States. Since the Federal Reserve had an interest in assuring the maintenance of market balance and since the volume of Italian swap contracts was still increasing during the fall, it was agreed that the System should join with the Treasury in the operation. Thus, in late November the Federal Reserve Bank of New York was authorized to assume commitments for forward sales of lire up to \$500 million equivalent as a means of facilitating both the retention of dollar holdings by private foreign holders and the orderly flow of short-term funds through international money markets.

Other currencies

There were no official U.S. transactions in Austrian schillings, French francs, Japanese yen, or Swedish kronor during the period under review.

International Monetary Fund

As outlined in previous reports in this series, the United States began in 1964 to draw currencies from the IMF for sale to countries having repurchase obligations to the Fund. Two drawings of Canadian dollars were made during the period covered by this report—one for \$60 million on September 28, 1965, and one for \$100 million on January 4, 1966. These operations brought to \$760 million equivalent the total of U.S. technical drawings under this program. In addition, the United States in July 1965 had drawn \$300 million equivalent in five European currencies in a regular Fund drawing and used the currencies to repay short-term swap commitments of the Federal Reserve and to absorb dollars from several European central banks. As an offset, however, other countries have continued to draw dollars from the Fund, thereby reducing the Fund's holdings of dollars in excess of 75 percent of the U.S. quota and thus reducing this country's repayment obligation to the Fund. Consequently, at the end of February 1966 net U.S. indebtedness to the Fund was only \$516 million.

In 1964, a draft agreement was signed by the Governors of the Fund, providing for increases of 25 percent or more in members' quotas. Such quota increases must be paid to the Fund partly in a country's own currency and partly in gold. In order to compensate the United States and the United Kingdom—the two reserve currency countries—for gold losses incurred as a result of other members' conversions of dollars and sterling into gold for payment of their gold subscriptions, the agreement also provided that the IMF would deposit up to \$350 million of gold with the Federal Reserve Bank of New York and the Bank of England. Insofar as the United States is concerned, these compensating operations began last September and as of February 28 the Federal Reserve Bank of New York held for U.S. Treasury account \$37 million of gold so deposited by the IMF. These deposits are reflected in the Federal Reserve's statement of condition under "Other assets" and "Other deposits."

The gold market

International political tensions and exchange speculation resulted in very heavy private demand for gold on the London market through most of 1965. In addition, Communist China bought a fairly sizable amount of gold. Under these circumstances, prices tended to rise somewhat above the levels of the past 2 years.

At the beginning of 1965 the private demand for gold was stimulated by continuing apprehension regarding the future of sterling, widespread speculation on the consequences of the French decision to convert a large amount of dollars into gold—as well as French criticism of the gold exchange standard—and the worsening conflict in Vietnam. Thus, during the winter months, the fixing price rose as high as \$35.17½, and the Pool had to supplement market supplies. During the spring the gold market was calmer but, as speculation against sterling revived

¹ See 1965 annual report, pp. 422-4.

in early summer and as Communist Chinese buying reached its peak, the fixing price was allowed to rise to \$35.19%. Thereafter, the situation improved significantly, as the exchange markets quieted with the recovery of sterling and as the Soviet Union resumed large-scale gold sales to finance purchases of wheat from the West. Nevertheless, there were periodic surges of demand as a result of the continued enlargement of the Vietnam war and the emergence of new crises on the Indian subcontinent and in Rhodesia. By the yearend, the volume of activity on the London gold market had receded to more normal levels and the Gold Pool had registered a small surplus for the year.

Exhibit 56.—White House Press Release, July 16, 1965, on President Johnson's meeting with Treasury Secretary Fowler and the new Advisory Committee on International Monetary Arrangements

The President met today with Treasury Secretary Henry H. Fowler and the new Advisory Committee on International Monetary Arrangements.

Former Secretary of the Treasury Douglas Dillon is Chairman of the Committee,¹ which was set up to assist Secretary Fowler in exploring methods to increase international financial resources.

The Committee held its first meeting with Secretary Fowler today at the Treasury and later moved to the White House to meet with the President.

STATEMENT BY THE PRESIDENT

I met today with Secretary Fowler and his Advisory Committee on International Monetary Arrangements. We had a brief discussion of the United States balance-of-payments situation and the international monetary system.

There was complete agreement on the necessity for the United States to eliminate its balance-of-payments deficit quickly and to maintain payments equilibrium for a prolonged period.

While we were all pleased with the indications that my Balance-of-Payments Program announced February 10 seems to be taking hold, and that the business and financial community is doing a splendid job of voluntary cooperation, we are well aware that it is still much too early to get an accurate picture of just where we stand.

Secretary Fowler is moving ahead effectively to prepare for international agreement on solving any future problem of world liquidity which might arise after we have successfully maintained equilibrium for an extended period. He has put together an excellent committee and I am confident that, under the leadership of Douglas Dillon, they will provide him with the best talent and advice available in this area to supplement the resources in the Government on this vital subject.

STATEMENT BY SECRETARY FOWLER

I met today for the first time with my Advisory Committee on International Monetary Arrangements. While the meeting was principally an organizational one, there was opportunity for me to bring Chairman Dillon and the members of his Committee up to date on the latest developments both in our own balance of payments and in our efforts to promote international agreement on strengthening the world monetary system.

Among the things we discussed were my recent talks with British Chancellor of the Exchequer Callaghan and Japanese Finance Minister Fukuda.

The Committee was in unanimous agreement that the U.S. proposal for an international conference on the potential problem of world financial resources was an important step in the right direction.

I took the opportunity to set before the Committee the general framework of our present policy, which includes the following points:

1. The importance of the United States eliminating its own deficit as promptly as possible as a necessary precondition to modification of the international monetary system.

2. The importance of a flexible approach, not only by the United States but by other countries, in discussing international monetary arrangements.

¹ For membership of the Committee see exhibit 78.

3. The need for thorough and careful preparation to promote fruitful negotiations on the international level.

4. The need to build upon the existing system by making maximum use of present instruments of international financial cooperation which have served so effectively in the past.

5. The necessity to maintain the dollar as the principal reserve currency in order to foster continuing stability in the international trade and payments system.

STATEMENT BY MR. DILLON

The first meeting of the Advisory Committee on International Monetary Arrangements went very well.

Secretary Fowler brought us up to date on a number of matters and we were able to settle our organizational problems without difficulty and we expect to begin substantive discussions in the near future.

Secretary Fowler's advocacy of a flexible approach by all countries including our own offers great promise that the United States will be able to play a significant and constructive role in future international discussions on possible modification of the monetary system.

Exhibit 57.—Press release, July 21, 1965, on meeting of a citizen's committee and a Cabinet committee on international cooperation in finance and monetary affairs

A citizen's committee and a Cabinet committee charged with reporting to President Johnson on international cooperation in finance and monetary affairs met Monday in Washington to take stock of present developments and to consider the outlook for the future.

The meeting, held as a part of President Johnson's program for U.S. participation in the current International Cooperation Year, was called by David M. Kennedy, chairman of the board of the Continental Illinois National Bank & Trust Co. of Chicago and Merlyn N. Trued, Assistant Secretary of the Treasury for International Affairs.

Mr. Kennedy is Chairman of the private sector of the Committee on Finance and Monetary Affairs of the International Citizen's Commission on International Affairs, established by the President as one of 28 groups to examine various aspects of international cooperation engaged in by the United States. Assistant Secretary Trued is Chairman of the Cabinet committee on this same subject.

The primary missions of the Committee on Finance and Monetary Affairs, as well as the private and Federal committees in other areas, are to (1) prepare a report for the President, and (2) participate in a White House conference to be held later this year.

At the meeting, the private and Cabinet committees considered a draft of the introductory section of its report, and further methods of procedure looking toward a progress report to be transmitted to the White House.

The group agreed that over the past two decades international cooperation in the fields of monetary affairs and development finance has become a deeply ingrained operational habit among governments, both broad in scope and intensive in detail. It has facilitated the very substantial progress achieved so far in the postwar world economy. To assure the continuation of the progress that has been made, the committees agreed that it is timely to take stock of the present and consider our course for the future.

The Chairmen of the two groups agreed also that recent steps toward consideration of the international payments system underlined the importance of their final report, and that participation in the White House Conference of the Finance and Monetary Committees as part of the International Cooperation Year would greatly aid in achieving wide public understanding of the progress made and the problems involved in the field of international finance.

Members of the Citizen's Committee on Finance and Monetary Affairs, in addition to Mr. Kennedy, are:

Eugene R. Black, Special Adviser to the President on Southeast Asia Economic and Social Development (former President of the International Bank for Reconstruction and Development).

Arthur H. Dean of Sullivan & Cromwell, New York, N.Y.

Frederick M. Eaton of Shearman & Sterling, New York, N.Y.

Thomas S. Gates, president of Morgan Guaranty Trust Co., New York, N.Y.
 Kenneth Hansen, Syntex Laboratories, Palo Alto, Calif.
 Charles H. Percy, chairman of the board, Bell & Howell Co., Chicago, Ill.
 Maxwell M. Raab, attorney, New York, N.Y.
 Jesse W. Tapp, retired chairman of the board, Bank of America, San Francisco, Calif.
 J. Cameron Thomson, retired chairman, Northwest Bank Corp., Minneapolis, Minn.
 Frazar B. Wilde, chairman of the board, Connecticut General Life Insurance Co., Hartford, Conn.
 Emile Despres, Research Center in Economic Growth, Stanford University, Stanford, Calif.
 John H. Perkins, senior vice president, Continental National Bank & Trust Co., Chicago, Ill.
 Robert P. Mayo, vice president, Continental National Bank & Trust Co., Chicago, Ill.

The Cabinet Committee on Finance and Monetary Affairs is composed of:
 Merlyn N. Trued, Assistant Secretary of the Treasury for International Affairs.
 J. Dewey Daane, Board of Governors of the Federal Reserve System.
 William B. Dale, U.S. Executive Director, International Monetary Fund.
 Harold O. Folk, Associate Assistant Administrator for Finance Development, Agency for International Development.
 Anthony M. Solomon, Assistant Secretary of State for Economic Affairs.
 Arthur M. Okun, Council of Economic Advisers.
 Ralph Hirschtritt, Deputy to the Assistant Secretary of the Treasury, for International Financial and Economic Affairs.

Exhibit 58.—Press release, July 26, 1965, on a meeting of United States-Canada Balance-of-Payments Committee

As an outgrowth of discussions at meetings of the Joint United States-Canada Ministerial Committee on Trade and Economic Affairs, the United States and Canada have established a Joint Balance-of-Payments Committee at senior official level.

The first meeting of the new United States-Canada Committee was held today. The purpose of the Committee is to review developments in the balance of payments of the United States and Canada and to discuss questions of mutual interest which may arise therefrom.

The balance-of-payments group will operate informally without a fixed schedule of meetings or rigid agenda. For Canada, representatives of the Department of Finance, the Department of External Affairs, the Department of Trade and Commerce and the Bank of Canada will participate. U.S. members will include representatives of the Treasury Department, the Department of State, the Department of Commerce, and the Federal Reserve System.

Exhibit 59.—Press release, July 28, 1965, announcing a U.S. drawing from the International Monetary Fund

Treasury Secretary Henry H. Fowler today announced that the United States had drawn the equivalent of \$300 million in five foreign currencies from the International Monetary Fund. The dollar equivalents of the amounts drawn were:

Italian lire.....	\$180, 000, 000
French francs.....	40, 000, 000
Belgian francs.....	40, 000, 000
Netherlands guilders.....	25, 000, 000
Swedish kronor.....	15, 000, 000

This drawing provides the United States with foreign exchange to finance U.S. international payments.

As a result of the U.S. balance-of-payments position earlier this year, dollars accumulated in official holdings abroad. Some of these dollars were temporarily absorbed by use of Federal Reserve short-term swap arrangements, which amounted to short-term borrowing of foreign currencies by the United States.

The foreign exchange received now from the Monetary Fund can be used to pay off these short-term credits, and otherwise to reduce official holdings of dollars abroad, by purchasing dollars with the currencies drawn today.

This is the first occasion upon which the United States has made an ordinary, nontechnical drawing from the Monetary Fund. The drawing demonstrates the ability of the Fund to assist the United States, as it has other countries, in meeting balance-of-payments requirements.

Exhibit 60.—Press release, July 30, 1965, on a meeting of the Canadian Finance Minister and the U.S. Secretary of the Treasury

The Canadian Embassy and the U.S. Treasury issued the following joint communique today:

Canadian Finance Minister Walter L. Gordon and U.S. Treasury Secretary Henry H. Fowler today discussed Canadian-U.S. cooperation in economic affairs, as well as such matters of mutual interest as their balance of payments and the international monetary system.

The meeting took place in Secretary Fowler's office, with a small group of advisers. It began at 3 p.m. Mr. Gordon was to be Secretary Fowler's guest at dinner.

Mr. Fowler noted during the meeting that the U.S. payments position had improved considerably under the influence of measures in the President's program announced on February 10. However, he emphasized that continued strong efforts would be required to secure and maintain balance in the country's international payments.

Mr. Gordon expressed his appreciation of the importance of a continuing U.S. program that would achieve sustainable equilibrium in the transactions of the United States with the rest of the world, since this would be an important contribution to international financial stability, and to the improvement of international monetary arrangements.

Mr. Gordon described the economic situation in Canada and its relation to the Canadian balance of international payments, especially vis-a-vis the United States. He emphasized the importance in this connection of an adequate flow of capital from the United States to Canada.

Secretary Fowler reaffirmed the intention of the United States to make new Canadian securities sold to U.S. residents exempt from the interest equalization tax, and Finance Minister Gordon restated Canada's intention to avoid increasing its foreign exchange reserves through the proceeds of borrowing in the United States. These commitments were first expressed in the joint United States-Canadian communique of July 21, 1963. Secretary Fowler noted that the February 10, 1965, balance-of-payments program of the United States also recognizes the need of Canada for access to U.S. capital.

There was an exchange of views on the announcement by Secretary Fowler on July 10 that the United States is prepared to participate in an international monetary conference that would consider what steps might be taken to secure substantial improvement in international monetary arrangements. Both Secretary Fowler and Finance Minister Gordon indicated they intended to consult with ministers of other nations before making firm decisions on procedural or other steps to be taken. Secretary Fowler said he would visit Europe in the near future as part of such consultations.

The Ministers agreed that the unique financial relationships of the two nations made essential continued and close economic consultation and cooperation between the two countries. In this respect, they welcomed the establishment of a joint United States-Canadian Balance-of-Payments Committee. Their representatives on this Committee reported on the initial meeting of the group, held in Washington July 26, 1965.

Finance Minister Gordon was accompanied on his visit to the Treasury by Deputy Finance Minister Robert Bryce and Assistant Deputy Finance Minister Alan Hockin. Joseph W. Barr, Under Secretary of the Treasury, Frederick L. Deming, Under Secretary of the Treasury for Monetary Affairs, and Merlyn N. Trued, Assistant Secretary for International Affairs, participated with Treasury Secretary Fowler.

Exhibit 61.—Press release, September 28, 1965, announcing a drawing by the United States from the International Monetary Fund

Secretary of the Treasury Henry H. Fowler today announced a drawing by the United States on the International Monetary Fund in the amount of \$60 million. The drawing was made in Canadian dollars.

This drawing is the seventh in a series of what have been termed "technical" drawings and which began in February 1964. The currencies drawn by the United States are expected to be sold for dollars to other Fund members for their use in making repayments to the Fund over the next several months.

The last such drawing was in March of this year but, as previously announced, a drawing was made this July to provide foreign exchange to the United States to directly finance its international payment.

Exhibit 62.—Press release, October 15, 1965, announcing the sending of a U.S. delegation to Bangkok for a meeting to draft Asian Development Bank Charter

The United States is sending a delegation headed by Assistant Secretary of the Treasury Merlyn N. Trued to attend a meeting at Bangkok, Thailand, at which representatives of some 25 nations will prepare a draft charter for the projected Asian Development Bank. The meeting opens next Thursday, October 21.

The Asian Development Bank was first proposed 2 years ago at a meeting of the Asian members of ECAFE—the Economic Commission for Asia and the Far East—a United Nations Regional Commission. The Bank was proposed by ECAFE to strengthen regional economic cooperation and to provide additional financial resources for development.

At the last annual meeting of ECAFE at Wellington, New Zealand, in March of 1965 a resolution supporting the Bank was approved which established a group of nine experts from Asian nations—the Consultative Committee—to begin work on a charter for the Bank.

ECAFE includes all the countries of Asia with the exception of Communist China, Indonesia (which withdrew last year), and Singapore (which has applied for membership). Nonregional members of ECAFE include the United Kingdom, France, the Netherlands, the Soviet Union, and the United States.

The Bangkok meeting is scheduled to last from October 21 to November 1. It will be a meeting of approximately 25 nations interested in establishing the Asian Development Bank, including representatives of several developed countries outside ECAFE.

Last June, Eugene Black, former President of the World Bank and now Special Adviser to President Johnson, attended a meeting of the Consultative Committee at Bangkok where he pledged the United States to provide 20 percent of the Bank's initial capitalization—\$200 million. In addition, he pledged the United States to provide up to \$100 million in loans or grants—provided that there are similar contributions from other nations—to establish a Trust Fund for Southeast Asian Regional Development. Both pledges are subject to congressional approval.

After agreement on the charter has been reached, a ministerial meeting will be held starting December 2 at Manila for representatives of the governments to sign the charter which will then be submitted to their governments for ratification.

Exhibit 63.—Press release, November 9, 1965, announcing the postponement of Canadian securities issues

The Treasury today issued the following statement in response to inquiries: The United States and Canada have agreed that the financial authorities of both countries will solicit the cooperation of borrowers and underwriters of both countries in deferring delivery until 1966 of further securities offerings.

It is hoped, in this way, to smooth the quarterly flow of capital between the two countries consistently with the seasonal balance-of-payments considerations of both.

The background to the above moves is the following:

The United States and Canada have agreed, as part of continuing cooperative arrangements made in 1963, to make a joint effort to limit during the remainder

of this year the amount of funds delivered to Canadian borrowers raising money in U.S. capital markets.

In July 1963, at the time when the Canadian exemption from the interest equalization tax was secured, Canada stated that it was neither her desire nor intent to increase her foreign exchange reserves through the proceeds of borrowing in the United States. The two governments agreed to maintain close consultation on this matter in the interest of both countries.

As a result of recent large sales of wheat to the U.S.S.R. and the usual seasonal strength in her current account, the level of Canada's foreign exchange reserves, including her creditor position with the International Monetary Fund, has been running somewhat higher in recent months than the level used as a base in the 1963 understanding. At the same time, Canadian security offerings have been running at a high rate, with expected deliveries in the fourth quarter, in the absence of deferments, expected to reach \$250 million.

While Canada's balance-of-payments picture is seasonally strong in the fourth quarter, it traditionally has a large current account deficit to meet in the winter and in the spring.

Exhibit 64.—Press release, December 30, 1965, announcing the signing of an exchange stabilization agreement by the United States and Mexico

Secretary of the Treasury Henry H. Fowler, the Ambassador of Mexico Hugo B. Margain, and Ernesto Fernandez Hurtado, Deputy Director of the Bank of Mexico, today signed a \$75 million exchange stabilization agreement between the U.S. Treasury, the Bank of Mexico, and the Government of Mexico, replacing one for the same amount which expires at the end of 1965.

The agreement signed today represents an extension of stabilization arrangements between the United States and Mexico which have been in effect since 1941, and have proved beneficial to the financial relationships between the two countries. For the first time, the new agreement provides reciprocal swap facilities available for use both by Mexico and by the United States. The availability of the new swap facilities will further strengthen the ability of the financial authorities to cooperate effectively and to conduct such stabilization operations as may be desirable from time to time to promote stable and orderly conditions in the exchange markets.

The new agreement will be effective during the 2-year period ending December 31, 1967.

Exhibit 65.—Press release, January 4, 1966, announcing a drawing by the United States from the International Monetary Fund

Secretary of the Treasury Henry H. Fowler today announced a drawing by the United States on the International Monetary Fund in the amount of \$100 million. The drawing was made in Canadian dollars.

The currency drawn by the United States is expected to be sold for dollars to other Fund members for their use in making repayments to the Fund over the next several months.

This drawing is the eighth in a series of what have been termed "technical" drawings which began in February 1964.

Exhibit 66.—Press release, January 27, 1966, announcing that Abu Dhabi, Bahrain, Indonesia, and other countries are to be made subject to interest equalization tax

The President has notified the Congress that on or shortly after February 26, 1966, he intends to issue an Executive order terminating the "less developed" designation of Abu Dhabi, Bahrain, Indonesia, Iran, Iraq, Kuwait—Saudi Arabia Neutral Zone, Libya, Qatar, and Saudi Arabia for purposes of the interest equalization tax.

The President's action will have the effect of applying the interest equalization tax to purchases by U.S. citizens from foreigners of stock and debt obligations originating in these nine countries which are currently exempt from the tax. All such purchases made after the date of the Executive order will be subject to

the tax, except those for which written commitments existed prior to December 7, 1965, the date on which notice of the President's intention to issue this Executive order appeared in the *Federal Register*.

The interest equalization tax has been applied to the acquisitions of various foreign securities by U.S. citizens since July 18, 1963. The tax is designed to help curb the outflow of capital from the United States, which has been a major factor contributing to this country's adverse balance-of-payments position. The tax does not apply to stock and debt obligations issued by countries which, for the purpose of this tax, are determined to be "less-developed countries," and by certain corporations and other persons living or doing business in such countries.

The interest equalization tax law authorizes the President to expand the list of countries considered not to be "less developed," so that the application of the tax can be adjusted to reflect economic development in different parts of the world. When such changes are to be made, however, Congress must be given 30 days advance notice.

In connection with the intensified balance-of-payments program announced on December 6, 1965, the administration has reviewed the list of "less-developed countries" currently exempt from the tax. On the basis of that review it was determined that these nine countries should no longer be considered as less developed for purposes of the interest equalization tax. This action parallels the inclusion of these countries under the voluntary program administered by the Commerce Department.

Exhibit 67.—Press release, March 8, 1966, announcing a drawing by the United States from the International Monetary Fund

Secretary of the Treasury, Henry H. Fowler, today announced a further technical drawing by the United States from the International Monetary Fund. The new arrangements provide for periodic draw downs of up to \$90 million in Canadian dollars.

These drawings continue the practice begun in February 1964 of obtaining currencies for sale to other countries that have repayments to make to the Fund.

The present arrangement will bring to \$1,150 million the amount of U.S. drawings from the Fund. The bulk of these have been made in this "technical" series. A sizable part of these drawings has been offset by drawings of U.S. dollars by other countries. These restore the U.S. position in the Fund and in effect amount to repayment by the United States.

As a result, the U.S. liability to the Fund prior to these further drawings is about \$515 million. Drawing rights in the "gold tranche" (virtually automatic U.S. drawing rights in the Fund) of \$775 million remain. Part of these drawing rights result from the recent general increase of 25 percent in the Fund quota of the United States (also applicable to the quotas of other members).

Exhibit 68.—Press release, March 9, 1966, containing background to announcement of a U.S. drawing from the International Monetary Fund

A technical drawing by the United States of the currency of another country from the International Monetary Fund, such as announced today, permits countries in debt to the IMF to make arrangements for repayment without creating a new or potential drain upon U.S. gold holdings.

Arrangements for making such technical drawings were worked out in 1963 when the Fund's ability to accept dollars—except from the United States—approached the limit under the Fund's regulations. (The Fund may not accept dollars, except as a result of a U.S. drawing, after its holding of dollars reach 75 percent of the U.S. quota in the Fund.)

This meant that a country possessing dollars that it wished to use in repaying previous drawings from the Fund could not make the debt payment directly to the Fund in dollars.

It would be obliged, instead, to use its dollars (1) to buy gold with which to pay its Fund debt, or (2) to buy a currency the Fund was in position to accept as debt repayment.

The first course—purchase of gold—would in most cases result in a reduction of U.S. gold reserves. Usually, the gold would be purchased directly from the

United States. However, gold purchases with dollars from any source would at least indirectly affect the U.S. gold stock.

The second course—purchase of another currency—would place the dollars in the hands of another country, where they would be a potential claim upon U.S. gold reserves.

To avoid either result:

1. The United States draws from the Fund (that is, purchases with dollars, since the Fund can accept dollars—from the United States—beyond the 75-percent-of-quota limit) a currency or currencies the Fund is in position to accept for debt repayments.

2. The United States sells the currency purchased from the Fund to a country wishing to make debt payments to the Fund.

3. The United States receives the dollars the debtor country has accumulated.

The end results of these transactions are:

—The country in debt to the Fund gets currency the IMF is in position to accept, as a debt repayment. It winds up with a reduced debt to the Fund and with reduced dollar holdings. The net effect is that it has been able to use dollars indirectly to effect its debt payment to the Fund.

—The country whose currency the United States purchases from the Fund for this purpose is not affected, since its currency is returned to the Fund (as a debt repayment) shortly after it is drawn out of the Fund, and in the same amount.

—The dollars accumulated by the debtor country to pay its IMF debt wind up with the United States, instead of being used to buy gold, or instead of being transferred to a country where they would be a potential claim upon U.S. gold reserves.

Exhibit 69.—Press release, March 18, 1966, announcing the signing of an exchange agreement by the United States and Venezuela

The Under Secretary of the U.S. Treasury, Joseph W. Barr, and the president of the Central Bank of Venezuela, Alfredo Machado Gomez, signed a \$50 million exchange agreement today, in Caracas.

The agreement between the U.S. Treasury and the Venezuelan Central Bank will be in effect for 2 years.

It provides for reciprocal currency "swap" facilities under which:

—The U.S. Treasury Exchange Stabilization Fund may purchase Venezuelan bolivares in exchange for dollars, and

—The Venezuelan Central Bank may purchase United States dollars in exchange for bolivares,

—Up to \$50 million, at times and in amounts as may be mutually agreed.

The availability of these currencies to the two countries will increase the ability of their financial authorities to cooperate effectively in international economic affairs, and to promote stable and orderly conditions in exchange markets.

Senator Joseph M. Montoya, of New Mexico, Representative Burt L. Talcott, of California, and Representative Compton I. White, of Idaho, accompanied the U.S. delegation to Caracas as congressional advisers, and were present at the signing of the agreement in the new headquarters of the Venezuela Central Bank at Caracas.

Venezuelan witnesses to the signing included Minister of Finance Dr. Marales Crespo and members of the Board of Directors of the Central Bank of Venezuela.

Exhibit 70.—Press release, April 5, 1966, announcing the signing of an exchange stabilization agreement by the United States and Colombia

Acting Secretary of the Treasury, Joseph W. Barr, today signed a \$12,500,000 exchange stabilization agreement between the United States, the Government of Colombia, and the Bank of the Republic. The agreement was signed for Colombia in Bogota on April 4 by the Minister of Finance, Joaquin Vallejo Arbelaez, and the General Manager of the Bank of the Republic, Eduardo Arias Robledo.

The Ambassador of Colombia to the United States, Dr. Eduardo Uribe, witnessed the signing here on behalf of his Government.

The agreement is effective through March 1967. Under it, Colombia may request the U.S. Exchange Stabilization Fund to purchase Colombian pesos in amounts up to \$12,500,000. Any pesos so acquired by the U.S. Treasury would subsequently be repurchased by Colombia with U.S. dollars.

The agreement will assist Colombia in maintaining orderly conditions in the foreign exchange markets, as part of its program of economic stabilization and growth. It is designed to supplement the resources available under a \$36,500,000 standby drawing arrangement announced by the International Monetary Fund on December 15, 1965.

The agreement signed today is part of arrangements for U.S. Government economic and financial assistance for Colombia in 1966, estimated to total \$102 million. These arrangements were announced December 20, 1965, on the occasion of the signing of a \$65 million program loan of the Agency for International Development.

Exhibit 71.—Press release, May 2, 1966, announcing a further drawing by the United States from the International Monetary Fund

Secretary of the Treasury Henry H. Fowler today announced a further technical drawing by the United States from the International Monetary Fund. The new arrangements provide for periodic draw downs of up to \$110 million in Canadian dollars.

These drawings continue the practice begun in February 1964 of obtaining currencies for sale to other countries that have repayments to make to the Fund.

The present arrangements will bring to \$1,260 million the amount of U.S. drawings from the Fund. The bulk of these have been made in this "technical" series. A sizable part of these drawings has been offset by drawings of U.S. dollars by other countries. These restore the U.S. position in the Fund and in effect amount to repayment by the United States.

As a result, the U.S. liability to the Fund prior to these further drawings is about \$564 million. Drawing rights in the "gold tranche" (virtually automatic U.S. drawing rights in the Fund) of \$726 million remain. Part of these drawing rights result from the recent general increase of 25 percent in the Fund quota of the United States (also applicable to the quotas of other members).

Exhibit 72.—Press release, May 20, 1966, announcing the addition of Guinea and Tunisia to countries where U.S. citizens may buy local currencies from the U.S. Government

The Department of State and the Treasury Department announced today that U.S. citizens visiting or residing in Guinea may purchase the currency of that country from the U.S. Embassy there. United States-owned balances of Tunisian currency may now be purchased by Americans in that country from the Central Bank of Tunisia upon specific request by U.S. citizens that the bank sell them dinars from the U.S. Government's account. Sales in both countries will be made at the official rate of exchange.

This brings to five the number of countries where Americans may purchase local currencies from officially owned U.S. balances. The United States has been selling Indian rupees and Israeli and Egyptian pounds to U.S. citizens in those countries for some time.

To reduce the outflow of dollars from the United States and thereby reduce the U.S. balance-of-payments deficit, the U.S. Government urges American tourists to purchase local currencies through the official U.S. missions in the five countries where they are available. When local currencies are purchased in this way, the dollars stay in American Government accounts and there is no outflow of dollars to foreign holders, although the transactions take place abroad.

In the case of Guinea, the local currency may be purchased at the U.S. Embassy in exchange for U.S. currency, personal checks drawn on a bank in the United States, or for U.S. travelers checks. Purchasers must present their passports for identification. The same dollar instruments will apply in Tunisia, except that the purchases must be made at the Central Bank.

BACKGROUND TO ANNOUNCEMENT OF LOCAL CURRENCY ARRANGEMENTS WITH
GUINEA AND TUNISIA

Balances of the currencies of the two countries became available for sale to U.S. citizens when Guinea and Tunisia were added to the list of countries where official U.S. holdings of local currencies have become larger than required to meet the needs of the U.S. Government and where appropriate procedures were established. The currencies have been received by the United States from the sale of surplus agricultural commodities.

The United States owns working balances in the local currencies of other countries in Western Europe, Latin America, Africa, and the Far East; however, in most cases, these balances are not presently adequate to cover official U.S. expenses.

As further sales of U.S. agricultural products are made for foreign currencies, and as U.S. official requirements change, arrangements for additional sales of other currencies to private U.S. citizens will be negotiated where possible and advantageous.

Exhibit 73.—Other Treasury testimony published in hearings before congressional committees, July 1, 1965—June 30, 1966**Secretary of the Treasury Fowler**

Statement, published in hearings before the Subcommittee on International Finance of the Committee on Banking and Currency, House of Representatives, 89th Congress, 2d session, on H.R. 12219, a bill to provide for the participation of the United States in the Asian Development Bank, January 26, 1966, pages 4–6.

Under Secretary of the Treasury Barr

Statement published in hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate, 89th Congress, 1st session, on H.R. 5280, an act to provide for exemption from the antitrust laws to assist in safeguarding the balance-of-payments position of the United States, July 15, 1965, pages 5–8.

Statement published in hearings before the Subcommittee on International Finance of the Committee on Banking and Currency, House of Representatives, 89th Congress, 2d session, on H.R. 12219, a bill to provide for the participation of the United States in the Asian Development Bank, January 26, 1966, pages 6–14.

Assistant Secretary of the Treasury Trued

Statement on the utilization of excess U.S.-owned foreign currencies in certain countries, published in hearings before the House Subcommittee on Foreign Economic Policy of the Committee on Foreign Affairs, 89th Congress, 1st session, August 4, 1965, pages 103–106 (Read by Mr. Ralph Hirschtritt, Deputy to the Assistant Secretary for International Affairs).

Statement published in hearings before the Senate Committee on Finance, 89th Congress, 1st session, on H.R. 9042, an act to provide for the implementation of the agreement concerning automotive products between the Government of the United States of America and the Government of Canada, and for other purposes, September 20, 1965, pages 366–8.

Gold and Silver Operations**Exhibit 74.—Statement by Fred B. Smith, General Counsel, Treasury Department, May 4, 1966, before the Subcommittee on Minerals, Materials and Fuels of the Senate Interior and Insular Affairs Committee**

I appreciate this opportunity to discuss with you today the subject of gold, particularly in relation to S. 2562 and S. 1377.

I am only the latest in a long line of Treasury witnesses to appear before congressional committees in opposition to legislation to assist the gold mining industry through Federal payments amounting to subsidies. The Treasury Department has consistently opposed this type of legislation. In our view, nothing that has occurred in our domestic economy or in our international monetary, trade, and payments situation in the last year would justify any change in this view. However, I think for those areas of the country which historically have been concerned

with the production of gold and other important minerals, help lies not in the subsidy field nor in special tax concessions, but rather in the constructive field of research and development in which potentially significant steps are underway. Some developments in the area of discovering new deposits of gold hold out the promise of increased production on a profitable basis at the present \$35 price. The Assistant Secretary of Interior, I understand, is prepared to discuss this area of interest more fully in his testimony before the subcommittee.

First, I would like to point out that the Government's policy on gold is by and large the same today as it was in 1934 when Congress enacted the Gold Reserve Act. Our basic policy continues to be that of centralizing the gold stock of this country in the hands of the Government and maintaining a fixed price for gold. A fundamental aspect in maintaining the stability of the dollar in international trade and payments has been our policy of standing ready to buy and sell gold at a fixed price to foreign governments, central banks, and under certain conditions to international institutions, for the settlement of international balances and for other legitimate monetary purposes. Thus, the dollar has been accepted along with the traditional acceptability of gold.

Referring now to the bills before the subcommittee:

S. 2562 would provide financial assistance to domestic producers of gold who can establish that their current costs of production are at least 125 percent of such costs in 1939. The payments would be based on a domestic costs-of-production formula. Producers in operation for a year prior to the date of enactment would receive basic annual payments equal to 5 percent of total gold bullion receipts during such year, plus 3.75 percent for each five-point increase in the Consumer Price Index. Those not in business prior to enactment would receive 125 percent of such gold bullion receipts during the year preceding the date of application for assistance. A formula for computing constructive costs of production is provided for operators who have no history of production in 1939 or the year preceding the application.

S. 1377 would establish a program to be administered by the Secretary of Interior for payments to domestic gold producers based on differences between costs of production in the last quarter of 1939 and current costs on an individual mine basis. The costs for which differential payments would be allowed would include those of labor, amortization of capital investment in equipment and construction necessary to efficient operations, mine rehabilitation, transportation, fringe benefits, supplies, materials, power and property taxes. Payments would be made only for gold produced and the eligibility requirements for such payments would include a requirement that gold production account for at least 50 percent of all the minerals produced by the particular mine.

The Treasury Department has been and continues to be opposed to the enactment of these and similar bills because they would lead to uncertainty and speculation with regard to the official price for gold. Subsidy payments to gold miners would, we believe, be interpreted by foreign countries as a recognition by the United States of a higher value for gold than the official rate of \$35 an ounce and as possibly the first step toward an official revision of this price. The consequences would undoubtedly be an undermining of confidence in the stability of the United States price for gold in official international transactions. Overall, the result would be to shake confidence in the dollar and to aggravate our gold outflow problem.

A sound dollar in which the world has confidence is the basic underpinning for the international trade of the United States. As President Johnson made clear in his message to Congress of February 10, 1965:

The dollar is, and will remain, as good as gold, freely convertible at \$35 an ounce.

That pledge is backed by our firm determination to bring an end to our balance-of-payments deficit.

In his Economic Report of January 1965, President Johnson stated:

The stability of the American dollar is central not only to progress at home but to all our objectives abroad. There can be no question of our capacity and determination to maintain the gold value of the dollar at \$35 an ounce. The full resources of this Nation are pledged to that end.

Not only is confidence in the dollar essential to our international trade, but the monetary system of the entire free world is dependent upon the convertibility maintained between gold and the dollar at the \$35 price. Because of this assurance, the dollar along with gold is held in significant amounts in the reserves of countries of the free world. Should any doubt arise about the United States intention to maintain the \$35 price, confidence in the dollar could well be shaken

to the point of causing great damage to our international trade and a disruption of the international monetary system.

The bills now before this subcommittee would involve the payment by the U.S. Government of prices for gold which differ from the official U.S. price of \$35 per ounce. What results could we foresee if such a system—one which provided both for an official price in international transactions of \$35 per ounce and other prices for new domestic gold production—came into being? First of all, thought of in these terms, gold would be considered simply as a commodity. The producers of gold as a commodity would be paid a price which would reflect the cost of bringing the commodity to the marketplace. Under S. 2562, it is clear that this price would be in excess of \$35 an ounce with respect to gold produced by mines eligible for payments thereunder. Under S. 1377, subsidy payments based on increased costs of operation on an individual mine basis would no doubt result in various prices, all above \$35 per ounce, being paid by the Government for new domestic gold production. We know about the problems of the gold mining industry. Our resistance to paying this industry more than \$35 an ounce is not based on lack of sympathy or of desire to be of assistance but rather the necessity of our considering a higher price for gold in the broad context of the United States preeminent position in international trade and finance.

If the Government decided to come to the aid of this industry by paying subsidies, it is our considered opinion that this would be interpreted as a judgment by the United States that it believes gold to be worth more than \$35 per ounce, or dollars to be worth less than that rate in terms of gold. This might lead foreign countries which hold dollars to decide that gold must be more valuable than the dollar and that the United States was on the way to raising its official price in international transactions. There would be a strong incentive for these governments to turn their dollar holdings into gold.

The increased rate of conversion of dollars into gold would cause a serious drain on our gold supplies and jeopardize our ability to maintain the international exchange stability of the dollar.

For these reasons the Treasury is opposed to the passage of S. 2562 and S. 1377.

Exhibit 75.—Statement by Leland Howard, Director, Office of Domestic Gold and Silver Operations, May 5, 1966, before the Subcommittee on Mines and Mining of the House Committee on Interior and Insular Affairs

I appear before you today to present the Treasury's view relating to the general provisions of the bills which your committee has under review today.

H.R. 10924, H.R. 10925, H.R. 11081, and H.R. 11667 would provide financial assistance to domestic producers of gold who can establish that their current costs of production are at least 125 percent of such costs in 1939. The payments would be based on a domestic costs-of-production formula. Producers in operations for a year prior to the date of enactment would receive basic annual payments equal to 6 percent of total gold bullion receipts during such year, plus 3.75 percent for each five-point increase in the Consumer Price Index. Those not in business prior to enactment would receive 125 percent of such gold bullion receipts during the year preceding the date of application for assistance. A formula for computing constructive costs of production is provided for operators who have no history of production in 1939 or the year preceding the application.

H.R. 799, H.R. 5272, H.R. 6505, and H.R. 10681 would establish a program to be administered by the Secretary of the Interior for payments to domestic gold producers based on differences in costs of production in the last quarter of 1939 and current costs on an individual mine basis. The costs for which differential payments would be allowed would include those of labor, amortization of capital investment in equipment and construction necessary to efficient operations, mine rehabilitation, transportation, fringe benefits, supplies, materials, power and property taxes. Payments would be made only for gold produced and the eligibility requirements for such payments would include a requirement that gold production account for at least 50 percent of all the minerals produced by the particular mine.

My comments will be directed to the effect that we think the enactment of this type legislation will have on the stability of the dollar. The bills would place in the hands of the Department of the Interior the administration of the proposals and I will not get into details relating to that problem.

In your letter of March 22 requesting the Treasury's views on the bills to be considered today, you stated that you were fully aware of the consistent policy of opposition to gold subsidies expressed by the Treasury over the years on the ground that it does not approve of a two-price system for gold. I regret that at the very outset I must repeat what has been said before.

Our Government's policy on gold is essentially the same today as it was in 1934 when Congress passed the Gold Reserve Act. Our basic policy has been and remains one of centralizing the gold reserves of the country in the hands of the Government under the jurisdiction of the Treasury and maintaining a fixed price of \$35 an ounce for gold. Our pledge to maintain that price with every resource at our command is the bedrock on which the soundness of the dollar depends. Successive Presidents have reaffirmed this policy from time to time.

At this point you may ask what does this have to do with the bills that are proposed here today? These are subsidy bills not bills to change the price of gold.

I believe the fundamental difference between the Treasury's view and those who sponsor subsidy bills such as these comes about through thinking of gold as a commodity and not as a monetary metal which the Treasury believes is its primary function. Producers are interested in bringing out of the ground a ton of material for which they can obtain a price, on the basis of the metal or metals therein, that will offset the cost of mining a ton of material. Therefore, as the cost of mining increases, it is felt that the price received for gold should increase to cover the cost. The fact that the metal content of an ore body is not inexhaustible is even forgotten sometimes. As a monetary metal, however, the price of gold must by the nature of its use remain stable. Prior to 1934, gold remained at the same price for approximately 100 years, and with the exception of a very slight change in the early 1800's it remained the same since the establishment of our monetary system in 1792. We in the Treasury think of gold as a monetary metal—not as a commodity. This difference in viewpoint has placed the Treasury in the role of being in a negative position of opposing suggestions relative to a two-price system for gold. It should be remembered that the gold dollar is the standard unit defined as $15\frac{1}{2}$ grains of gold $\frac{9}{10}$ ths fine. This amounts to $\frac{1}{5}$ th of an ounce of gold, and therefore, makes the official price of gold \$35 per ounce. Also, we must keep in mind that the dollar not only is involved in our domestic economy, but is used as a reserve currency by others as a supplement to the world's gold supply.

Prior to World War II the dollar evolved as a key currency of the world and since World War II the world has accepted the dollar in increasing amounts as a supplement to the gold supply in furnishing liquidity to the trade between the countries of the world. A great many countries made a decision that the dollar best met their needs as a reserve asset and because of its general acceptability and other factors the use of the dollar in private trading transactions became worldwide. To reach this position required confidence in the dollar. This has been possible for a number of reasons, but a fundamental aspect has been our policy of buying and selling gold at a fixed price to foreign governments, central banks, and under certain conditions to international institutions, for the settlement of international balances, and for other legitimate monetary purposes. Our pledge to maintain that price has been and still is the foundation upon which the stability of the gold exchange standard is based.

The dollar is the only currency that maintains this link between money and gold, and the monetary system of the entire free world is hinged to this interconvertibility which we maintain between gold and dollars. Because of the importance of this link, successive Presidents of both political parties have given assurance that the \$35 price would be defended with all the resources of the country. Doubt as to our intention of continuing this pledge could cause a severe drain on our gold supplies and could disrupt not only our economy but also the economies of the countries of the free world.

We do not, I might note here, sell gold to foreign individuals. However, we sell gold for legitimate industrial, professional, and artistic use in the United States.

The bills that are being considered by the committee today have for their main purpose the payment of a subsidy to gold producers in the United States. The Treasury believes that any subsidy payment or any two-price system for gold in the United States creates either directly or indirectly a very real danger to our dollar. We cannot afford to run the risk of having a second price for gold in the United States alongside the official price. Our creditors, those that hold dollar balances, would interpret any price other than the official price to mean

that we had made a judgment that the official price was too low; that in some way, directly or indirectly, we were on the way to changing our official price. This could lead to speculation against our currency.

It is often stated that we pay subsidies on various commodities produced in the United States. Also, we often hear it said that gold subsidies are paid by other countries. The question then arises, why can't a subsidy be paid for gold if subsidies are paid for various commodities in the United States and why cannot the United States pay a subsidy to its gold miners if subsidies are paid by other countries?

The answer is that the monetary units of other countries do not have the status of the dollar, and other countries do not have the responsibility for maintaining a fixed relationship between their currencies and gold. Also, the primary function of gold in the United States is its role as a monetary metal, and therefore, it cannot be treated as a commodity as are products of other industries, or as gold is treated in some countries. The usual reasons, therefore, for urging gold subsidies in other countries or for urging subsidies to other industries in this country are not applicable to gold in the United States.

The Treasury is deeply interested in the health of the gold mining industry, just as we are interested in the well being of our other major industries. However, we must think of gold from the standpoint of the national interest as a whole, and not only in its relation to one segment of the economy. We cannot take side excursions in gold that others will interpret as a sign that we do not think the present price for gold is correct. We cannot run the risk of disrupting the monetary system which is so vital to the U.S. economy and the economy of the free world.

Joint Financial Management Improvement

Exhibit 76.—Memorandum from the President, May 24, 1966, to heads of Government departments and agencies, on the Joint Financial Management Improvement Program

Secretary Fowler, Budget Director Schultze, and Comptroller General Staats have just informed me about their plans to accelerate the pace of the Joint Financial Management Improvement Program. They have asked Civil Service Chairman Macy to assist in this worthy undertaking.

I have a strong and continuing interest in the development of businesslike financial systems throughout the Federal Government. Such systems are essential to assist in carrying out a basic pledge of this Administration—to get a dollar's value for a dollar spent. We must have financial systems which:

- provide the information our managers need for effective cost control—for waging the war on waste,
- develop cost consciousness in men and women at every level of responsibility in every agency,
- assure financial integrity in everything the Government does,
- provide the types of financial data needed to support the planning-programming-budgeting system initiated last August, and
- enable the Government to apply the best and most efficient management and operating techniques.

I am particularly pleased that the central agencies—representing both the legislative and the executive branches—will spearhead, with your active participation, a renewed Joint Program in this vital area of direct interest to both the Congress and the President.

The legislative groundwork for this program was laid 16 years ago. While much progress has been made, much more is necessary if we are to discharge the responsibility placed upon us by the Budget and Accounting Procedures Act of 1950. Accordingly, I request the head of each executive department and agency to take immediate action to:

- insure that the system of accounting and internal control in his agency meets management needs and conforms to the principles, standards, and related requirements prescribed by the Comptroller General.
- work with the Civil Service Commission in developing a more vigorous program for recruiting and developing the professional personnel to design and operate effective financial management systems.
- assure that financial reports and cost data provide adequate support for the planning-programming-budgeting system.

—see that the agency's managers are given the basic tools they need—responsibility centered cost-based operating budgets and financial reports—for setting and achieving maximum cost reduction goals.

The Budget Director will issue more detailed instructions with respect to this program. Your full support is needed. I want every manager—the general manager and the financial manager alike—to feel and respond to your personal demands for the use of highest quality, business-type financial information systems.

I want every manager to think of his part of the total Government in terms of everything he owns, everything he owes, and the full cost of doing every job in relation to the products resulting from these costs. I want him to think of minimal costs and cost reduction as profit. And I want him to think in terms of his profit as a result of how he uses all the resources entrusted to him. These goals cannot be fully achieved without sound financial management practices.

With increased assistance by the central agencies, and a positive action program on your part, we can readily achieve what is contemplated in the Budget and Accounting Procedures Act—the utilization of the best business practices in the day-to-day management of our Government.

Organization and Procedure

Exhibit 77.—Treasury Department orders relating to organization and procedure

NO. 82, REVISED, MARCH 9, 1966.—SECURITY PROGRAM OF THE
TREASURY DEPARTMENT

To assure that persons employed by the Treasury are reliable, trustworthy, of good conduct and character, and completely loyal to the United States, the following security program, delegations of authority, and regulations are prescribed pursuant to the authority contained in the act of August 26, 1950, 64 Stat. 476; Executive Order No. 10450, April 27, 1953, as amended, the letter from the Chairman of the Civil Service Commission to the Secretary of the Treasury, November 18, 1965, and Reorganization Plan No. 26 of 1950, 64 Stat. 1280.

SEC. 1. *Definitions.*

The following terms, as used herein, shall have the meanings specified:

- A. "Department" means the Department of the Treasury.
- B. "Secretary" means the Secretary of the Treasury.
- C. "Security officer" means the Director, Office of Security; or the Assistant Director, Office of Security, in the role of alternate security officer; or any subordinate to whom the Director, Office of Security, has delegated authority to take action with respect to a specified category of cases.
- D. "Legal officer" means the person designated as legal officer, or any person designated as alternate legal officer, by the General Counsel of the Treasury.
- E. "Head of the bureau" means the head of the bureau, independent office, or division of the Department in which the employee is employed.
- F. "Employee" means a civilian officer or employee of the Department.
- G. "Suspension" means the temporary removal of an employee, without pay, in the interests of the national security, pending final determination of his case under the provisions of this order.
- H. "Reassignment" means the temporary alteration in, or limitation of, the duties of an employee, in the interests of the national security, pending final determination of his case under the provisions of this order. Although reassignment does not necessarily entail physical relocation, appropriate steps must be taken to prevent the employee's having access to all categories of classified information or material, pending final determination. No termination following reassignment shall be effected without prior suspension and full compliance thereafter with the procedures applicable to suspension set forth in this order.
- I. "Access" means the ability and opportunity to obtain knowledge of classified information or to be in a place where one would expect to gain such knowledge or to have the opportunity to sabotage or interfere with the national defense effort. (A person does not have "access" by being in a place where classified information is kept if security measures prevent him from gaining knowledge of the information or interfering with the national defense effort.)

J. "National security" means the protection and preservation of the military, economic, and productive strength of the United States, including the security of the Government in domestic and foreign affairs, against or from espionage, sabotage, and subversion, and any and all other illegal acts designed to weaken or destroy the United States.

K. "Sensitive position" means any position in the Department, the occupant of which could bring about, because of the nature of the position, a material adverse effect on the national security.

I. Such positions shall include, but shall not be limited to, any position the occupant of which may have access to information or material classified in accordance with Executive Order 10501 as confidential, secret, or top secret, or may have opportunity to commit acts directly or indirectly adversely affecting the national security.

II. Sensitive positions will be divided into two categories: critical-sensitive and noncritical-sensitive.

(a) Critical-sensitive positions will be designated in accordance with the following criteria:

Any position the duties of which include—

1. Access to top secret defense information;
2. Development or approval of war plans, plans or particulars of future or major or special operations of war, or critical and extremely important items of war;
3. Development or approval of plans, policies or programs which affect the overall operations of the department or a bureau thereof, i.e., policymaking or policy-determining positions;
4. Investigative duties, the issuance of personnel security clearances, or duty on personnel security boards; or
5. Fiduciary, public contact, or other duties demanding the highest degree of public trust.

(b) Other sensitive positions which do not fall within the above criteria shall be designated as noncritical-sensitive.

III. Sensitive positions will be determined and designated within the Office of the Secretary by the Assistant Secretary for Administration, or his designated representative, and within the bureaus by the bureau head or his designated representative. Positions determined and designated sensitive shall be reported to the security officer, in accordance with section 12 of this order. In the event the security officer does not agree with a bureau head as to whether a position should or should not be critical-sensitive, the Assistant Secretary for Administration will make the controlling designation.

SEC. 2. Policy.

A. It shall be the policy of the Department, based on the act of August 26, 1950, and Executive Order No. 10450, as amended, to employ and retain in employment only those persons whose employment or retention in employment is found to be clearly consistent with the interests of the national security.

B. This order shall not apply to military personnel of the U.S. Coast Guard, except as in C below.

C. The U.S. Coast Guard shall issue such instructions as are necessary to establish a military personnel security program consistent with the standards and criteria for military members of other Armed Forces as prescribed by the Department of Defense and, insofar as may be practicable, uniform with the methods, procedures, and safeguards prescribed for the U.S. Navy by the Chief of Naval Operations. The disposition of cases arising under the military personnel security program shall be subject to review by the Secretary of the Treasury or his designee.

D. The provisions of this order shall not be utilized to the exclusion of or priority over normal personnel procedures for the selection and retention of employees, or the normal personnel procedures for removal or other disciplinary actions against employees. The normal personnel procedures will be utilized to the maximum of their adequacy and appropriateness.

E. Prior to the reassignment, suspension, rejection, or nonselection on security grounds of any employee or applicant pursuant to the provisions of this order, the security officer or his designee should, whenever appropriate, interrogate the employee or the applicant under oath, orally or in writing, concerning the derogatory security information developed in an investigation to give the person an opportunity to explain or refute the derogatory information. The results of such interrogation shall be considered in determining the action to be taken.

SEC. 3. *Security standards.*

A. Information which may preclude a finding that a person's employment or retention in employment in the Department is clearly consistent with the interests of the national security shall relate, but shall not be limited, to the following:

I. Depending on the relation of the Government employment to the national security:

(a) Any behavior, activities, or associations which tend to show that the individual is not reliable or trustworthy.

(b) Any deliberate misrepresentations, falsifications, or omissions of material facts.

(c) Any criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct, habitual use of intoxicants to excess, drug addiction, or sexual perversion.

(d) Any illness, including any mental condition, of a nature which in the opinion of competent medical authority may cause significant defect in the judgment or reliability of the employee, with due regard to the transient or continuing effect of the illness and the medical findings in such case.

(e) Any facts which furnish reason to believe that the individual may be subjected to coercion, influence, or pressure which may cause him to act contrary to the best interests of the national security.

II. Commission of any act of sabotage, espionage, treason, or sedition, or attempts thereat or preparation therefor, or conspiring with, or aiding or abetting, another to commit or attempt to commit any act of sabotage, espionage, treason, or sedition.

III. Establishing or continuing a sympathetic association with a saboteur, spy, traitor, seditionist, anarchist, or revolutionist, or with an espionage or other secret agent or representative of a foreign nation, or any representative of a foreign nation whose interests may be inimical to the interests of the United States, or with any person who advocates the use of force or violence to overthrow the Government of the United States or the alteration of the form of government of the United States by unconstitutional means.

IV. Advocacy of use of force or violence to overthrow the Government of the United States, or of the alteration of the form of government of the United States by unconstitutional means.

V. Membership in, or affiliation or sympathetic association with, any foreign or domestic organization, association, movement, group, or combination of persons which is totalitarian, Fascist, Communist, or subversive, or which has adopted, or shows, a policy of advocating or approving the commission of acts of force or violence to deny other persons their rights under the Constitution of the United States, or which seeks to alter the form of government of the United States by unconstitutional means.

VI. Intentional, unauthorized disclosure to any person of classified information, or of other information, disclosure of which is prohibited by law, or willful violation or disregard of security regulations.

VII. Performing or attempting to perform his duties, or otherwise acting, so as to serve the interests of another government in preference to the interests of the United States.

VIII. Refusal by the individual, upon the ground of constitutional privilege against self-incrimination, to testify before a congressional committee regarding charges of his alleged disloyalty or other misconduct.

SEC. 4. *Security investigations.*

A. *Purpose.*—Security investigations conducted pursuant to this order shall be designed to develop information as to whether employment or retention in employment by the Department of the person being investigated is clearly consistent with the interests of the national security.

B. *Scope of investigations.*—Every appointment made within the Department shall be made subject to investigation. The scope of the investigation shall be determined in the first instance according to the degree of adverse effect the occupant of the position sought to be filled could bring about, by virtue of the nature of the position, on the national security, but in no event shall the investigation include less than a national agency check, including a check of the fingerprint files of the Federal Bureau of Investigation, and written inquiries to appropriate local law enforcement agencies, former employers and supervisors, references, and schools and colleges attended by the person under investigation; *Provided, That to the extent authorized by the Civil Service Commission a lesser*

investigation may suffice with respect to per diem, intermittent, temporary, or seasonal employees, or aliens employed outside the United States who occupy or are applicants for nonsensitive positions. Should information develop at any stage of investigation indicating that the employment of any person may not be clearly consistent with the interests of the national security, there shall be conducted with respect to such person a full field investigation, or such lesser investigation as shall be sufficient to enable a determination to be made whether retention of such person is clearly consistent with the interests of the national security.

I. *Requirements for a nonsensitive position.*—National agency checks and written inquiries as defined above will be conducted on all persons occupying nonsensitive positions (except as provided above).

II. *Requirements for noncritical-sensitive positions.*—As a minimum, national agency checks and written inquiries as defined above will be conducted on all persons being considered for a noncritical-sensitive position (unless previously conducted on an incumbent). Persons should not ordinarily be assigned to noncritical-sensitive positions until after completion of the national agency checks. This should not be construed to preclude the head of the bureau or the security officer from initiating a full field investigation on any employee when he considers such action appropriate.

III. *Requirements for critical-sensitive positions.*—Full field investigations shall be conducted on all persons being considered for critical-sensitive positions. They should be conducted on a preappointment basis and the information developed by the investigation should be considered in the personnel selection process; *Provided*, That a person occupying a critical-sensitive position at the time it is designated as such may continue to occupy such position pending the completion of a full field investigation, subject to the other provisions of this order; *And provided further*, That in case of emergency a critical-sensitive position may be filled for a limited period of time by a person with respect to whom a full field preappointment investigation has not been completed if the Assistant Secretary for Administration finds that such action is necessary in the national interest. Such finding shall be made a part of the personnel record of the person concerned. In the event of such a finding, the investigation shall be initiated as soon as possible and not later than three working days after the individual's entrance on duty or selection for a critical-sensitive position. Emergency or interim clearances will not ordinarily be granted prior to the completion of a national agency check.

C. *Reinvestigations.*

I. *Nonsensitive and noncritical-sensitive positions.*—No reinvestigation is required for appointments of employees of another Federal agency or for reappointments when there has been no break in service in excess of 1 year since the last employment in the Government.

(a) If the break in service is in excess of 1 year, the case shall be processed the same as a new appointee to a nonsensitive position or to a noncritical-sensitive position in accordance with section 4, B-I or II.

(b) A national agency check or an additional investigation may be required by the security officer or the head of the bureau in any case wherein it is deemed appropriate.

II. *Critical-sensitive positions.*—The incumbent of each critical-sensitive position shall be required, 5 years after his appointment, and at least once each succeeding 5 years, to submit an updated personnel security questionnaire to the Office of Security. The security officer will review the personnel security questionnaire, together with the personnel file of the incumbent, previous reports of investigation concerning him, and any other appropriate documents. A determination shall then be made regarding what further action, if any, is appropriate—for example, a check of local police and credit records, a national agency check, or an updated full field investigation.

(a) No reinvestigation is required for appointments of employees of another Federal agency or for reappointments when the break in service does not exceed 90 days and an investigation has been made in connection with previous Federal employment which meets the Treasury Department's current standards for a full field investigation and the investigation is less than 5 years old.

(b) If the break in service exceeds 90 days, but is not in excess of 1 year, a current national agency check shall be made.

(c) If the break in service exceeds 1 year, or the investigation is more than 5 years old, the case shall be processed the same as that of a new appointee to a critical-sensitive position in accordance with section 4, B-III.

(d) Further investigation may be prescribed by the security officer or the head of the bureau in any case wherein it is deemed appropriate.

III. *Use of reports of prior investigation.*—Investigation reports (which meet Treasury Department's current standards for a full field investigation) made in connection with previous Federal employment may be used as a basis for making security determinations; *Provided however*, That the security officer or the head of the bureau may require such additional investigation as may be necessary to bring any previous investigation report up to date.

D. *Cases requiring investigation by Federal Bureau of Investigation.*—Whenever a security investigation being conducted with respect to an employee of the Department develops information relating to any of the matters described in subsections II through VIII of paragraph A of section 3 of this order, or indicates that an employee has been subject to coercion, influence, or pressure to act contrary to the interests of the national security, the matter shall be referred to the Federal Bureau of Investigation for a full field investigation.

E. *Submission of certain investigation reports to security officer.*

I. The reports of all full field investigations conducted for a critical-sensitive position and all other investigations or reports developing unfavorable information of a nature outlined in section 3 of this order shall be forwarded to the security officer for processing and retention.

II. Reports which contain unfavorable information of the nature outlined in section 3 shall be forwarded to the security officer, after a suitability determination has been made by the bureau head, in accordance with section 2D of this order. The material sent to the security officer shall show the action taken by the bureau head.

III. Security files of personnel of the Office of Security shall be maintained under the control of the Assistant Secretary for Administration.

SEC. 5. *Clearance, reassignment, suspension, and termination.*

A. *Evaluation of investigation reports.*—Upon receipt of an investigation report, the security officer shall make a determination as to what action may be required in the interests of the national security. Factors to be taken into consideration in making this determination shall include, but shall not be limited to—

I. The seriousness of the derogatory information contained in the report;

II. The quality and quantity of the classified information or material to which the employee may have access, authorized or unauthorized;

III. The opportunity, by reason of the nature of the position, for committing acts adversely affecting the national security; and

IV. The recency and duration of membership in, affiliation or sympathetic association with, any organization, association, or combination of persons of the type within the scope of section 3, A-III and V.

B. *Types of action on investigation reports.*—One of the five following actions shall be taken in each case by the security officer:

I. A recorded determination that the employment or retention in employment of the subject of the report is clearly consistent with the interests of the national security;

II. A recorded determination that suspension of an incumbent is necessary in the interests of the national security;

III. A recorded determination that reassignment of an incumbent is necessary in the interests of the national security;

IV. A recorded determination that the employment of an applicant is not clearly consistent with the interests of the national security; or

V. A recorded determination that security clearance should be withheld, or withdrawn if it already has been granted.

C. *Authority to suspend.*—The authority conferred by the act of August 26, 1950, 64 Stat. 476, and Executive Order No. 10450, as amended, upon the heads of departments and agencies to which such act is applicable to suspend civilian employees, without pay, when deemed necessary in the interests of the national security, is hereby delegated with respect to the employees of this Department to the Assistant Secretary for Administration who shall order the suspension after consultation with the head of the bureau concerned.

D. *Reassignment and suspension cases.*

I. *Bill of particulars.*—In cases where the reassignment or suspension of an employee is deemed necessary in the interests of the national security and after consultation with the Department of Justice to assure that the rights of the employee are fully considered, there shall be prepared a bill of particulars which shall be signed by the security officer. The bill of particulars shall be as specific and detailed as security considerations permit, and normally shall contain in substance the derogatory information relating to the employee except that which will reveal the source of the information, or the identity of confidential informants, or information affecting the national security. It shall be subject to amendment within 30 days of issuance.

II. *Action on bill of particulars.*—The bill of particulars, together with the entire file and the written recommendation of the security officer, shall be submitted to the Assistant Secretary for Administration. If that official approves the recommendation, he shall order the immediate reassignment or suspension of the employee by the head of the bureau.

III. *Notice to employee.*—In every case where the reassignment or suspension of an employee by the head of the bureau has been ordered, the head of the bureau shall notify the employee in writing of his reassignment or suspension, attaching to such notice a copy of the bill of particulars and a copy of this order. Such notice shall be sent by registered mail with return receipt required or personally served upon the employee with a written return to the security office showing the date, time, and place of service.

IV. *Procedure in reassignment cases.*—An employee who has been reassigned may submit to the bureau head within 30 days after the receipt of the notice of reassignment and the bill of particulars, or within 30 days after any amendment thereof, a sworn answer and supporting affidavits, if any, refuting or explaining the allegations in the bill of particulars. The bureau head will forward this material promptly to the security officer with any comments he may wish to make. If the security officer is of the opinion that the case should be resolved favorably to the employee, he shall so recommend to the Assistant Secretary for Administration. If he resolves the case unfavorably to the employee, the Assistant Secretary for Administration shall order the immediate suspension of the employee by the head of the bureau. Thereafter, the procedure applicable to suspensions hereinafter set forth shall be followed.

V. *Procedure in suspension cases.*

(a) *Employee's answer.*—An employee who has been suspended may submit to the bureau head, within 30 days after the receipt of the notice of suspension and the bill of particulars, or within 30 days after any amendment thereof, a sworn answer and supporting affidavits, if any, refuting or explaining the allegations in the bill of particulars. The bureau head will forward this material promptly to the security officer with any comments he may wish to make. If such answer is found insufficient by the security officer, the employee shall be given 15 days to file an amended sworn answer.

(b) *Disposition without hearing.*—If, upon the submission of a sworn answer by the employee, the security officer is of the opinion that the case should be resolved favorably to the employee without a hearing, he shall so recommend to the Assistant Secretary for Administration. If that official resolves the case favorably to the employee, he shall order the reinstatement or transfer of the employee. The provisions of subsections A-I and A-II of section 8 shall apply.

If the suspended employee does not submit a sworn answer within the required period, or does not request a hearing, or does request a hearing and is not entitled thereto, the security officer shall consider the case on the basis of the record as then constituted and submit to the Assistant Secretary for Administration his recommendation for its disposition, together with the reasons therefor. The Assistant Secretary for Administration may act as in (b) above or he may request the Secretary to order the employment of the employee terminated.

(c) *Requirements for hearing.*—If the case is resolved unfavorably to the suspended employee by the Assistant Secretary for Administration, and he is (a) a citizen of the United States, and (b) a permanent or indefinite appointee, and (c) an employee who has completed his probationary or trial period, and (d) the said employee requests a hearing, then the same shall be held before a board composed of at least three

impartial, disinterested persons selected in accordance with the provisions of section 6 and conducted in accordance with the provisions of section 7 of this order.

SEC. 6. *Security hearing boards.*

A. Security hearing boards of the Department shall be composed of not less than three civilian officers or employees of the Federal Government, selected by the Assistant Secretary for Administration from rosters maintained for that purpose by the Civil Service Commission in Washington, D.C., and at the regional offices of the Commission.

B. No officer or employee of the Department shall serve as a member of a hearing board hearing the case of an employee of the Department.

C. No person shall serve as a member of a hearing board hearing a case of an employee with whom he is acquainted.

D. The security officer shall be responsible for the preparation and presentation of the charges against the employee before the hearing board.

E. The legal officer shall be present in every case in order to protect the interests of the Government and the interests of the employee. He shall not act as prosecutor, but shall aid the board in its determination as to procedure, and shall advise the employee of his rights before the board upon request of the employee.

F. The time and place of hearings before hearing boards shall be determined by the Assistant Secretary for Administration with due regard to the availability and convenience of the employee and the members of the board. The security officer shall make all necessary arrangements for hearings including availability of stenographic assistance.

G. Competent stenographic assistance will be supplied to the hearing boards by the Office of the Secretary at the request of the security officer.

SEC. 7. *Hearing procedure.*

A. *Nature of hearing.*—All hearings shall be held in closed session at which only the following will be present: members of the board, the employee and his counsel, Department employees concerned, and the stenographer. Witnesses shall be present in the hearing room only when actually testifying. Testimony shall be given under oath or affirmation administered by the legal officer who is hereby designated for this purpose pursuant to section 16(a) of title 5, United States Code. The member of the board designated by the Assistant Secretary for Administration as chairman shall preside at the hearing.

B. *Conduct of hearing.*

I. The hearing board shall take whatever action is necessary to insure the employee a full and fair consideration of his case. The employee shall be informed by the board of his right (a) to participate in the hearing, (b) to be represented by counsel of his choice, (c) to present witnesses and offer other evidence in his own behalf and in refutation of the charges brought against him, and (d) to cross-examine any witnesses offered in support of the charges and testifying in his presence.

II. The employee shall have the privilege, for good cause shown, of challenging any member of the board. Challenges for cause shall be determined by the legal officer.

III. Hearings shall be opened by the reading of the order convening the board, the notice of suspension, and the bill of particulars setting forth the charges against the employee and the sworn answer submitted by the employee, unless such reading is waived by the mutual consent of the security officer and the employee or his counsel. All such documents shall be made part of the transcript.

IV. The board is not authorized to pass upon legal or constitutional objections to the procedure under the security program.

V. Both the Department and the employee may introduce such evidence as the hearing board may deem proper in the particular case. Rules of evidence shall not be binding on the board, but reasonable restrictions shall be imposed as to the relevancy, competency, and materiality of matters considered, so that the hearings shall not be unduly prolonged. If the employee is, or may be, handicapped by the lack of opportunity to cross-examine confidential informants, the hearing board shall take that fact into consideration. If a person who has made charges against the employee and who is not a confidential informant is called as a witness but does not appear, his failure to appear shall be considered by the board in evaluating such charges, as well as the fact that there can be no payment for travel of witnesses.

VI. The employee or his counsel shall have the right to control the sequence of witnesses called by him. The employee or his counsel shall be permitted reasonable cross-examination of witnesses called by the Government or the hearing board. The board and the security officer shall be permitted reasonable cross-examination of witnesses called by the employee. The extent to which confrontation and cross-examination of witnesses will be required is subject to the advice of the Department of Justice.

VII. The hearing board will not be furnished with any investigative information not made available to the employee.

VIII. The hearing board shall give due consideration to documentary evidence developed by investigation, including party membership cards; petitions bearing the employee's signature; books, treatises, or articles written by the employee; and testimony by the employee before duly constituted authorities. The fact that such evidence has been considered shall be made a part of the transcript of the hearing.

IX. The hearing board may, in its discretion, invite any person to appear at the hearing and testify. However, the board shall not be bound by the testimony of such witness by reason of having called him, and shall have full right to cross-examine him.

X. The hearing board shall conduct the hearing proceedings in such manner as to protect from disclosure information affecting the national security or tending to disclose or compromise investigative sources or methods, insofar as consistent with VI, above.

XI. If, after due notice of the time and place of hearing, the employee without request for delay or other explanation fails to appear for such hearing, the hearing board may consider the case and make its recommendation on the basis of information before it.

XII. A complete verbatim stenographic transcript shall be made of the hearing by a qualified reporter, and the transcript shall constitute a permanent part of the record. Upon request, the employee or his counsel shall be furnished a copy of the transcript of the hearing.

XIII. The board shall reach its conclusions and base its determination on the transcript of the hearing, together with such confidential information as it may have in its possession. The board, in making its determination, shall take into consideration the inability of the employee to attack the credibility of witnesses who do not appear. The determination of the board shall be in writing, and shall be signed by all members of the board. The determination will not contain the reasons upon which the board based its conclusion. A separate memorandum of reasons will be prepared, signed by all members of the board, setting forth the findings of the board, its recommendation as to the disposition of the case, and the reasons therefor. The board shall submit its written determination and the memorandum of reasons to the Secretary without further dissemination.

SEC. 8. *Action after hearing.*

A. Upon receipt of the complete file containing the record, the board's determination, and all confidential information made available to the board, the Secretary shall review the case or, at his discretion, have the case reviewed for him by one or more other Treasury officials, and take one of the following actions:

I. If he finds that reinstatement of the employee in the position from which the employee has been suspended or reassigned is clearly consistent with the interests of the national security, he shall order the employee to be restored to duty in such position and the employee shall be compensated for any period of suspension to the extent permitted by law; *Provided*, That the employee shall not be compensated for any extension of the period of suspension caused by his voluntary action.

II. If he does not find that reinstatement of the employee in the position from which the employee has been suspended or reassigned will be clearly consistent with the interests of the national security, but that the transfer of the employee to another position in the Department is clearly consistent with the interests of the national security, he may order the employee to be transferred to duty in such other position, and to be compensated for any period of suspension to the extent permitted by law; *Provided*, That the employee shall not be compensated for any extension of the period of suspension caused by his voluntary action.

III. If he does not find that the reinstatement or transfer of the employee to any position in the Department is clearly consistent with the interests of the

national security, he shall order the employment of the employee terminated. The head of the bureau shall furnish to the employee a written notice of such action.

B. Copies of all notices of personnel action taken in security cases shall be supplied at once by the security officer to the Civil Service Commission.

SEC. 9. Readjudication of certain cases.

The security officer shall review all cases of employees of the Department with respect to whom there has been conducted a full field investigation under Executive Order No. 9835, approved March 21, 1947. After such further investigation as the security officer may deem appropriate, all such cases shall be readjudicated in accordance with the act of August 26, 1950, and this order.

SEC. 10. Reemployment of employees whose employment has been terminated.

No person whose employment has been terminated by the Treasury Department under or pursuant to the provisions of the act of August 26, 1950, or pursuant to Executive Order No. 9835, or any other security or loyalty program, shall be employed in the Treasury Department; and no person whose employment has been so terminated by any other department or agency shall be employed in the Treasury Department, unless the Secretary finds that such employment is clearly consistent with the interests of the national security and unless the Civil Service Commission determines that such person is eligible for such employment. The finding of the Secretary and the determination of the Civil Service Commission shall be made a part of the personnel record of the person concerned.

SEC. 11. Nominations to security hearing board roster.

A. The security officer, after such consultation with bureau officials as he may deem necessary, shall name five employees of the Department to the security hearing board roster maintained in Washington, D.C., by the Civil Service Commission.

B. The head of each field office outside the metropolitan area of Washington, D.C., upon the request of the security officer, shall nominate 1 employee for each 500 employees in such field office to security hearing board rosters maintained at regional offices of the Civil Service Commission. The security officer shall name employees to such rosters from the persons so nominated.

C. All employees nominated to security hearing board rosters shall be persons of responsibility, unquestioned integrity, and sound judgment. Each such nominee shall have been the subject of a full field investigation, and his nomination shall be determined by the security officer to be clearly consistent with the interests of the national security. No security officer or person who conducts personnel investigations shall be nominated to security hearing board rosters.

SEC. 12. Roster of sensitive positions and incumbents.

A list of all positions designated as sensitive in the Department, including the names of the persons occupying the same, shall be maintained on a current basis in the Office of Security. All changes affecting such positions or the occupants thereof shall be reported to the security officer by the bureau concerned.

SEC. 13. Revocation of previous actions and determinations.

Any action or determination made pursuant to the provisions of this order may be revoked, on the basis of new or additional information, reconsideration or reevaluation, or any reason deemed as being in the best interests of the national security. The bureau concerned shall report promptly to the security officer any information about an employee of a nature described in section 3 of this order which comes to attention after the security officer has acted under section 5B of this order.

SEC. 14. Reporting of violation of law.

All violations of law, as they relate to subversion or security, disclosed in the investigations or proceedings under the security program, shall be reported immediately by the bureau or office concerned, via the Office of Law Enforcement Coordination, to the Division of Internal Security, Department of Justice. This would include allegations such as material false statements in an application in a security case as falsely denying membership in an organization on the Attorney General's list or false testimony before a security hearing board or evidence of improper leakage of national defense information.

SEC. 15. *Procedural instructions and interpretations.*

The security officer is authorized to furnish such procedural instructions, advice, interpretations, coordination of activities, and counsel as may be necessary to carry out and otherwise implement the provisions of this order.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 147, REVISION No. 2, AUGUST 10, 1965.—ESTABLISHMENT OF OFFICE OF SPECIAL ASSISTANT TO THE SECRETARY (FOR ENFORCEMENT)

By virtue of the authority vested in me as Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, there is hereby established in the Office of the Secretary an Office of Special Assistant to the Secretary (for Enforcement).

The incumbent of this office shall be under the general supervision of the Secretary and Under Secretary and shall have direct supervision over the following bureaus and offices:

U.S. Secret Service.

Bureau of Narcotics.

Office of Law Enforcement Coordination (including the Treasury enforcement school).

Additional functions and duties of the incumbent shall include, but shall not be limited to, the following:

Serve as principal advisor to the Secretary on all law enforcement matters. Inform the Secretary fully of all significant developments relating to presidential protection.

Coordinate all enforcement activities of the Treasury and provide such policy, functional and technical guidance to the Bureau of Customs, U.S. Coast Guard, and Internal Revenue Service enforcement activities as are required to assure optimum benefits from joint and cooperative utilization of law enforcement resources.

Appraise Treasury enforcement agencies with respect to the overall efficiency, effectiveness, performance, and integrity of personnel, programs, and activities, and institute any corrective action required.

Formulate basic law enforcement policy, program, organizational and procedural proposals to effectively and efficiently carry out the Department's national and international law enforcement responsibilities.

Provide interagency and intergovernmental liaison and representation on enforcement matters.

Direct Treasury enforcement training.

Strengthen relationships with Federal, State, and local enforcement agencies.

Serve as U.S. representative with the International Criminal Police Organization (INTERPOL).

The functions and duties herein assigned to the Special Assistant to the Secretary (for Enforcement) may, at his discretion, be delegated to subordinates in such manner as he shall from time to time direct.

To effectuate the provisions of this order, I hereby direct the Special Assistant to the Secretary (for Enforcement) to draw on all enforcement facilities of the Department without limitation, except as to restrictions imposed by law.

Such personnel, records, equipment, and funds as are mutually determined by the Assistant Secretary for Administration, the Special Assistant to the Secretary (for Enforcement), and the respective heads of bureaus and offices having assigned law enforcement functions, to be necessary in the performance of these functions and duties shall be transferred, assigned, or reimbursed, as necessity and circumstances dictate, on a pro rata basis to the Office of the Secretary.

This order shall become effective on entrance on duty of the Special Assistant to the Secretary (for Enforcement). Any previous orders or instructions in conflict with the provisions of this order are hereby amended accordingly. Treasury Department Order No. 147 (revision No. 1) is hereby rescinded.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 150-66, MAY 13, 1966.—TRANSFER OF PROGRAM ANALYSIS FUNCTION
WITHIN THE INTERNAL REVENUE SERVICE

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, approval is hereby given to the transfer from the Office of Assistant Commissioner (Data Processing) to the Office of Assistant Commissioner (Planning and Research) of the program analysis function within the Internal Revenue Service including such personnel, records, equipment, and funds as are determined by the Commissioner of Internal Revenue to be related to the performance of the function.

The transfer authorized by this order shall be made effective July 1, 1966.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 164, REVISED, APRIL 8, 1966.—DELEGATION OF AUTHORITY TO THE COM-
MISSIONER OF ACCOUNTS RELATING TO GOVERNMENT-WIDE ACCOUNTING AND
FINANCIAL REPORTING

By virtue of the authority vested in the Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, and by virtue of the authority vested in me as Fiscal Assistant Secretary by Treasury Department Order No. 190 (revision No. 4), there is hereby delegated to the Commissioner of Accounts all the authority vested in the Secretary of the Treasury by section 114(b) of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 66b(b)) relating to the facilities and internal organization necessary to provide the operating center within the Bureau of Accounts for Government-wide accounting and financial reporting.

The Commissioner of Accounts may establish component organizations within the Bureau of Accounts and assign functions to component organizations in such manner as he may determine to be in the interest of efficiency or economy of operations.

JOHN K. CARLOCK,
Fiscal Assistant Secretary.

No. 165-17, AUGUST 10, 1965.—REORGANIZATION OF THE CUSTOMS FIELD SERVICE

(Revised To Reflect Changes Authorized in the Following Amendments to This Order: Amendment 1, Jan. 28, 1966; Amendment 2, Apr. 20, 1966, and Correction Dated May 12, 1966; Amendment 3, May 27, 1966; and Amendment 4, June 3, 1966)

Pursuant to Reorganization Plan No. 1 of 1965 (30 F.R. 7035), Reorganization Plan No. 26 of 1950 (3 CFR ch. III), section 1 of the act of August 1, 1914, as amended, 38 Stat. 623 (19 U.S.C. 2), and Executive Order No. 10289, September 17, 1951 (3 CFR ch. II), it is hereby ordered that:

Customs regions, customs districts in said regions, offices of regional Commissioner of Customs for said regions, and offices of district director of customs for said districts are created, existing customs-collection districts are abolished, and the effective dates of abolition by Reorganization Plan No. 1 of 1965 of the offices of collector of customs, comptroller of customs, surveyor of customs, and appraiser of merchandise to which appointments are required to be made by the President by and with the advice and consent of the Senate are specified, as follows:

Number, head-quarters, and customs districts in region	Effective date of creation of region and office of regional commissioner	Name and head-quarters of customs districts	Area of district	Effective date of creation of district and office of district director	Effective date of abolition of existing district and offices of collector, appraiser, and comptroller, as indicated
I, Boston, Mass., comprising customs districts Portland, Maine, St. Albans, Boston, Providence, Bridgeport, Ogdensburg, and Buffalo.	May 1, 1966	Portland, Maine-----	The States of Maine and New Hampshire except the county of Coos.	May 1, 1966	District No. 1 (Maine and New Hampshire) and collector of customs for said district, May 1, 1966.
		St. Albans, Vt.-----	The State of Vermont and the county of Coos, N.H.	-----do-----	District No. 2 (Vermont) and collector of customs for said district, May 1, 1966.
		Boston, Mass.-----	The State of Massachusetts.	-----do-----	District No. 4 (Massachusetts) and collector of customs for said district, May 1, 1966.
		Providence, R.I.-----	The State of Rhode Island.	-----do-----	District No. 5 (Rhode Island) and collector of customs for said district, May 1, 1966.

II, New York City,
N.Y., comprising
customs district
New York City.

June 6, 1966

New York City,
N.Y.

Bridgeport, Conn.---

Ogdensburg, N.Y.---

Buffalo, N.Y.-----

The State of Connecticut.-----do.-----

The counties of Clinton,
Essex, Franklin, St.
Lawrence, Jefferson,
and Lewis in the State
of New York.

The counties of Oswego,
Oneida, Onondaga,
Cayuga, Seneca,
Wayne, Broome,
Tompkins, Chenango,
Madison, Cortland,
Hamilton, Schuyler,
Chemung, Herkimer,
Monroe, Ontario,
Livingston, Yates,
Steuben, Orleans,
Genesee, Wyoming,
Allegany, Erie, Niag-
ara, Cattaraugus,
Chautauqua, and
Tioga in the State of
New York.

The counties of Sussex,
Passaic, Hudson,
Bergen, Essex, Union,
Middlesex, and Mon-
mouth in the State of
New Jersey, and that
part of the State of
New York not ex-
pressly included in the
districts of Buffalo
and Ogdensburg.

June 6, 1966

District No. 6 (Con-
necticut) and collector
of customs for said dis-
trict, May 1, 1966.
District No. 7 (St.
Lawrence) and collector
of customs for said
district, May 1, 1966.

District No. 8 (Rochester)
and collector of customs
for said district, May 1,
1966.

District No. 9 (Buffalo)
and collector of customs
for said district, May 1,
1966.

Comptroller of customs,
district No. 1 (Boston),
and comptroller of
customs for said dis-
trict, May 1, 1966.

District No. 10 (New
York) and collector of
customs for said dis-
trict, June 6, 1966.
Comptroller of customs,
district No. 2 (New
York), and comptroller
of customs for said dis-
trict, June 6, 1966.
U.S. appraiser of mer-
chandise, June 6, 1966.
Surveyor of customs,
June 6, 1966.

Number, head-quarters, and customs districts in region	Effective date of creation of region and office of regional commissioner	Name and head-quarters of customs districts	Area of district	Effective date of creation of district and office of district director	Effective date of abolition of existing district and offices of collector, appraiser, and comptroller, as indicated
III, Baltimore, Md., comprising customs districts Philadelphia, Baltimore, and Norfolk.	Apr. 1, 1966	Philadelphia, Pa.-----	The State of Pennsylvania except the county of Erie, the State of Delaware, and that part of the State of New Jersey not included in the district of New York City.	Apr. 1, 1966	District No. 11 (Philadelphia) and the collector of customs for said district, Apr. 1, 1966. District No. 12 (Pittsburgh) and the collector of customs for said district, Apr. 1, 1966. Comptroller of customs, district No. 3 (Philadelphia), and the comptroller of customs for said district, Apr. 1, 1966.
		Baltimore, Md.-----	The State of Maryland and the District of Columbia.	-----do-----	District No. 13 (Maryland) and the collector of customs for said district, Apr. 1, 1966. Comptroller of customs, district No. 4. (Baltimore), and the comptroller of customs for said district, Apr. 1, 1966.
		Norfolk, Va.-----	The States of Virginia and West Virginia.	-----do-----	District No. 14 (Virginia) and the collector of customs for said district, Apr. 1, 1966.
IV, Miami, Fla., comprising customs	Feb. 1, 1966	Wilmington, N.C.-----	The State of North Carolina.	Feb. 1, 1966	District No. 15 (North Carolina) and the col-

districts Wilmington, Charleston, Savannah, Tampa, Miami, San Juan, and Charlotte Amalie, St. Thomas.

Charleston, S.C.-----	The State of South Carolina.	-----do-----	lector of customs for said district, Feb. 1, 1966. District No. 16 (South Carolina) and the collector of customs for said district, Feb. 1, 1966.
Savannah, Ga.-----	The State of Georgia, except the north shore of the St. Marys River and the city of St. Marys, Ga.	-----do-----	District No. 17 (Georgia) and the collector of customs for said district, Feb. 1, 1966.
Tampa, Fla.-----	The north shore of the St. Marys River and the city of St. Marys, Ga., and all of the State of Florida lying east of the east bank of the Ochlockonee River, except the counties of Hendry, Indian River, St. Lucie, Martin, Okeechobee, Palm Beach, Collier, Broward, Monroe, and Dade.	-----do-----	District No. 18 (Florida) and the collector of customs for said district, Feb. 1, 1966.
Miami, Fla.-----	The counties of Hendry, Indian River, St. Lucie, Martin, Okeechobee, Palm Beach, Collier, Broward, Monroe, and Dade in the State of Florida.	-----do-----	
San Juan, P.R.-----	The Commonwealth of Puerto Rico.	-----do-----	District No. 49 (Puerto Rico), Feb. 1, 1966.
Charlotte Amalie, St. Thomas, V.I.	All of the Virgin Islands of the United States.	-----do-----	District No. 51 (Virgin Islands), Feb. 1, 1966.

Number, headquarters, and customs districts in region	Effective date of creation of region and office of regional commissioner	Name and headquarters of customs districts	Area of district	Effective date of creation of district and office of district director	Effective date of abolition of existing district and offices of collector, appraiser, and comptroller, as indicated
V, New Orleans, La., comprising customs districts Mobile and New Orleans.	Feb. 1, 1966	Mobile, Ala.-----	The State of Alabama, and that part of the State of Mississippi lying south of 31° north latitude, and that part of the State of Florida lying west of the east bank of the Ochlockonee River.	Feb. 1, 1966	District No. 19 (Mobile) and the collector of customs for said district, Feb. 1, 1966.
	-----do-----	New Orleans, La.-----	The States of Tennessee, Arkansas, and Louisiana, except the parishes of Cameron and Calcasieu, and that part of the State of Mississippi lying north of 31° north latitude.	-----do-----	District No. 20 (New Orleans) and the collector of customs for said district, Feb. 1, 1966. District No. 43 (Tennessee) and the collector of customs for said district, Feb. 1, 1966. Comptroller of customs, district No. 6 (New Orleans), and the comptroller of customs for said district, Feb. 1, 1966.
VI, Houston, Tex., comprising customs districts Port Arthur, Galveston, Houston, Laredo, and El Paso.	May 15, 1966	Port Arthur, Tex.----	That part of the State of Texas from Sabine Pass north along State line to north boundary line of Selby County; west to Neches River;	May 15, 1966	District No. 21 (Sabine) and the collector of customs for said district, May 15, 1966.

	down western shore of said river to north boundary of Jefferson County; westerly along said boundary to east boundary of Liberty County; south to gulf; also the parishes of Cameron and Calcasieu in the State of Louisiana.		
Galveston, Tex-----	The counties of Galveston, Matagorda, Chambers, Calhoun, Refugio, Brazoria, San Patricio, Nueces, and Aransas in the State of Texas.	-----do-----	District No. 22 (Galveston) and the collector of customs for said district, May 15, 1966.
Houston, Tex-----	That part of the State of Texas lying east of 97° west longitude, except the territory embraced in the Port Arthur and Galveston districts. Also the counties of Dallas and Tarrant and the State of Oklahoma.	-----do-----	
Laredo, Tex-----	That part of the State of Texas lying west of 97° west longitude and east of the Pecos River, except that territory included in the Houston and Galveston districts.	-----do-----	District No. 23 (Laredo) and the collector of customs for said district, May 15, 1966.

Number, head- quarters, and customs districts in region	Effective date of creation of region and office of regional commissioner	Name and head- quarters of customs districts	Area of district	Effective date of creation of district and office of district director	Effective date of abolition of existing district and offices of collector, appraiser, and comptroller, as indicated
VI, Houston, Tex., comprising customs districts Port Arthur, Galveston, Houston, Laredo, and El Paso—Con.	May 15, 1966	El Paso, Tex.-----	That part of the State of Texas lying west of the Pecos River and the States of New Mexico and Colorado.	May 15, 1966	District No. 24 (El Paso) and the collector of customs for said dis- trict, May 15, 1966. District No. 50 (New Mexico) and the collector of customs for said district, May 15, 1966. District No. 47 (Colo- rado) and the collector of customs for said district, May 15, 1966.
VII, Los Angeles, Calif., comprising customs districts Nogales, San Diego, and Los Angeles.	Jan. 1, 1966	Nogales, Ariz.-----	The State of Arizona-----	Jan. 1, 1966	District No. 26 (Arizona) and the collector of customs for said dis- trict, Jan. 1, 1966.
		San Diego, Calif.-----	The counties of San Diego and Imperial in the State of Califor- nia.	-----do-----	District No. 25 (San Diego) and the col- lector of customs for said district, Jan. 1, 1966.
		Los Angeles, Calif.---	That part of the State of California lying south of the northern bound- aries of the counties of San Luis Obispo, Kern, and San Bernar- dino, except the coun- ties of San Diego and	-----do-----	District No. 27 (Los Angeles) and the collector of customs for said district, Jan 1, 1966.

VIII, San Francisco, Calif., comprising customs districts San Francisco, Honolulu, Portland, Oreg., Seattle, Juneau, and Great Falls.

Nov. 1, 1965

San Francisco, Calif.

Imperial, and that part of the State of Nevada comprising Clark County.

That part of the State of California lying north of the northern boundaries of the counties of San Luis Obispo, Kern, and San Bernardino, and the State of Utah and the State of Nevada, except Clark County.

Nov. 1, 1965

District No. 28 (San Francisco) and the collector of customs for said district, Nov. 1, 1965.
Comptroller of customs district No. 7, Nov. 1, 1965.

Honolulu, Hawaii

The State of Hawaii

do

District No. 32 (Hawaii) and the collector of customs for said district, Nov. 1, 1965.

Portland, Oreg

The State of Oregon and that part of the State of Washington which embraces the waters of the Columbia River and the north bank of the said river west of 119° west longitude.

do

District No. 29 (Oregon) and the collector of customs for said district, Nov. 1, 1965.

Seattle, Wash

The State of Washington, except that part which embraces the waters of the Columbia River and the north bank of the said river west of 119° west longitude.

do

District No. 30 (Washington) and the collector of customs for said district, Nov. 1, 1965.

Juneau, Alaska

The State of Alaska

do

District No. 31 (Alaska) and the collector of customs for said district, Nov. 1, 1965.

Great Falls, Mont

The States of Montana, Idaho, and Wyoming.

do

District No. 33 (Montana and Idaho) and the collector of customs for said district, Nov. 1, 1965.

Number, headquarters, and customs districts in region	Effective date of creation of region and office of regional commissioner	Name and headquarters of customs districts	Area of district	Effective date of creation of district and office of district director	Effective date of abolition of existing district and offices of collector, appraiser, and comptroller, as indicated
IX, Chicago, Ill., comprising customs districts Pembina, Minneapolis, Duluth, Milwaukee, Chicago, Cleveland, St. Louis, and Detroit.	Mar. 1, 1966	Pembina, N.Dak.---	The States of North and South Dakota and the counties of Kittson, Roseau, Lake of the Woods, Marshall, Beltrami, Polk, Red Lake, Pennington in the State of Minnesota.	Mar. 1, 1966	District No. 34 (Dakota) and the collector of customs for said district, Mar. 1, 1966.
		Minneapolis, Minn.--	The State of Minnesota, except those counties in the Pembina, North Dakota, and Duluth-Superior, Minn., districts.	-----do-----	District No. 35 (Minnesota) and the collector of customs for said district, Mar. 1, 1966.
		Duluth, Minn.-----	The counties of Koochiching, Itasca, St. Louis, Carlton, Pine, Lake, Cook, Clay, Aitkin, Norman, Wilkin, Ottertail, Becker, Mahanomen, Clearwater, Hubbard, Wadena, Cass, and Crow Wing in the State of Minnesota, and the counties of Douglas, Bayfield, Ashland, and Iron in the State of Wisconsin.	-----do-----	District No. 36 (Duluth and Superior) and the collector of customs for the said district, Mar. 1, 1966.

Milwaukee, Wis.-----	sin, and the Island of Isle Royale in the State of Michigan. The State of Wisconsin, except the counties of Douglas, Bayfield, Ashland, and Iron, and the county of Menominee in the State of Michigan.	-----do-----	District No. 37 (Wisconsin) and the collector of customs for said district, Mar. 1, 1966.
Chicago, Ill.-----	The State of Illinois lying north of 39° north latitude; that part of the State of Indiana north of 41° north latitude; and the States of Iowa and Nebraska.	-----do-----	District No. 39 (Chicago) and the collector of customs for said district, Mar. 1, 1966. Comptroller of customs district No. 5, and the comptroller of customs for said district, Mar. 1, 1966.
Cleveland, Ohio.-----	The States of Ohio, Kentucky, and that part of the State of Indiana lying south of 41° north latitude, and the county of Erie in the State of Pennsylvania.	-----do-----	District No. 41 (Ohio) and the collector of customs for said district, Mar. 1, 1966. District No. 40 (Indiana) and the collector of customs for said district, Mar. 1, 1966. District No. 42 (Kentucky) and the collector of customs for said district, Mar. 1, 1966.
St. Louis, Mo.-----	The States of Missouri and Kansas, and that part of the State of Illinois lying south of 39° north latitude, and the State of Oklahoma through May 14, 1966.	-----do-----	District No. 45 (St. Louis) and the collector of customs for said district, Mar. 1, 1966.

Number, headquarters, and customs districts in region	Effective date of creation of region and office of regional commissioner	Name and headquarters of customs districts	Area of district	Effective date of creation of district and office of district director	Effective date of abolition of existing district and offices of collector, appraiser, and comptroller, as indicated
IX, Chicago, Ill., comprising customs districts Pembina, Minneapolis, Duluth, Milwaukee, Chicago, Cleveland, St. Louis, and Detroit—Con.	Mar. 1, 1966	Detroit, Mich.-----	The State of Michigan, except the island of Isle Royale and the county of Menominee, Mich.	Mar. 1, 1966	District No. 38 (Michigan) and the collector of customs for said district, Mar. 1, 1966.

The actions taken herein shall be effective at 12:01 a.m. of the specified effective dates.

All existing ports of entry and ports of documentation are continued as ports of entry and ports of documentation in the customs districts which embrace them.

The Commissioner of Customs shall take appropriate action to carry out the provisions of section 4 of Reorganization Plan No. 1 of 1965 for (1) the transfer or other disposition of records, property, personnel, and unexpended balances of appropriations, allocations, and other funds, available or to be made available, and (2) the winding up of the affairs of the officers whose offices are abolished.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 165-18, DECEMBER 20, 1965.—REVOCATION OF DELEGATION TO COMMISSIONER OF CUSTOMS OF CERTAIN FUNCTIONS INVOLVING COMMUNIST POLITICAL PROPAGANDA MAIL

The Supreme Court of the United States having held in *Lamont v. Postmaster General and Fixa v. Heilberg*, 381 U.S. 301 (1965) that section 305 of Public Law 87-793 (39 U.S.C. 4008) is unconstitutional, Treasury Department Order No. 165-14 (T.D. 55796, 28 F.R. 168), which delegated to the Commissioner of Customs the functions vested in the Secretary of the Treasury by section 305 of that law, is hereby revoked.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 165-19, DECEMBER 29, 1965.—CHANGES OF TITLES OF OFFICERS AND DESIGNATIONS OF DIVISIONS IN THE BUREAU OF CUSTOMS

By virtue of authority vested in the Secretary of the Treasury, and pursuant to authorization given to me by Treasury Department Order No. 190, revision 4 (30 F.R. 15769), the following changes are hereby made in the titles of officers and designations of divisions in the Bureau of Customs:

The title of the Assistant Commissioner of Customs is changed to Deputy Commissioner of Customs.

The title of the Deputy Commissioner of Customs, Office of Administration, is changed to Assistant Commissioner of Customs, Office of Administration.

The title of the Deputy Commissioner of Customs, Office of Investigations, is changed to Assistant Commissioner of Customs, Office of Investigations.

The title of the Deputy Commissioner of Customs, Office of Operations, is changed to Assistant Commissioner of Customs, Office of Operations.

The title of the Deputy Commissioner of Customs, Office of Regulations and Rulings, is changed to Assistant Commissioner of Customs, Office of Regulations and Rulings.

The designation of the Division of Classification and Drawbacks is changed to Division of Tariff Classification Rulings, and the title of the Deputy Commissioner for said Division is changed to Director, Division of Tariff Classification Rulings.

The designation of the Division of Entry, Value, and Penalties is changed to Division of Entry Procedures and Penalties and the title of the Deputy Commissioner for said Division is changed to Director, Division of Entry Procedures and Penalties.

The designation of the Division of Marine Administration is changed to Division of Marine and Transportation Rulings, and the title of the Deputy Commissioner for said Division is changed to Director, Division of Marine and Transportation Rulings.

The title of the Deputy Commissioner, Division of Technical Services, is changed to Director, Division of Technical Services.

The designation of the Division of Appraisal Administration is changed to Division of Appraisal and Collections, and the title of the Deputy Commissioner for said Division is changed to Director, Division of Appraisal and Collections.

The designation of the Division of Collector's Operations is changed to Division of Inspection and Control and the title of the Deputy Commissioner for said Division is changed to Director, Division of Inspection and Control.

The order shall become effective on January 1, 1966.

JAMES POMEROY HENDRICK,
Acting Assistant Secretary of the Treasury.

No. 167-66, SEPTEMBER 8, 1965.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTIONS CONCERNING EXEMPTION OF OCEANOGRAPHIC RESEARCH VESSELS FROM CERTAIN VESSEL INSPECTION LAWS

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631, and pursuant to the authority delegated to me by Treasury Department Order No. 190 (revision 2), there are

transferred to the Commandant, U.S. Coast Guard, the functions of the Secretary of the Treasury contained in the act of July 30, 1965 (Public Law 89-99, 79 Stat. 424), concerning the exemption of oceanographic research vessels from the application of certain vessel inspection laws.

The Commandant may provide for the performance by subordinates in the Coast Guard of any function herein delegated.

JAMES POMEROY HENDRICK,
Acting Assistant Secretary of the Treasury.

No. 167-67, OCTOBER 7, 1965.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTION CONCERNING AWARDING OF ARMED FORCES EXPEDITIONARY MEDAL

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631, and pursuant to the authority delegated to me by Treasury Department Order No. 190 (revision 2), there is hereby transferred to the Commandant, U.S. Coast Guard, the function of the Secretary of the Treasury contained in Executive Order 10977, concerning the awarding of the Armed Forces Expeditionary Medal to Coast Guard military members.

As provided in section 2 of Executive Order 10977, this medal shall be awarded in accordance with uniform regulations issued by the Department of Defense.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 167-68, OCTOBER 20, 1965.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTIONS PERTAINING TO THE MARKING OF OBSTRUCTIONS EXISTING ON NAVIGABLE WATERS OF THE UNITED STATES

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631 and pursuant to the powers delegated to me by Treasury Department Order No. 190 (revision No. 2), there are transferred to the Commandant, U.S. Coast Guard, the functions of the Secretary under Public Law 89-191, approved September 17, 1965, pertaining to the marking of any sunken vessel or other obstruction existing on any navigable waters of the United States.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 167-69, OCTOBER 20, 1965.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTIONS PERTAINING TO PAYMENT OF PAY AND ALLOWANCES

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631 and pursuant to the powers delegated to me in Treasury Department Order No. 190 (revision 2), there are transferred to the Commandant, U.S. Coast Guard, the functions of the Secretary under Public Law 89-193, approved September 21, 1965, pertaining to authorizing the early payment of pay and allowances to members of an armed force under Coast Guard jurisdiction.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 167-70, DECEMBER 15, 1965.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTIONS CONCERNING PAYMENT OF REENLISTMENT BONUSES

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631, and pursuant to the authority

delegated to me by Treasury Department Order No. 190 (revision 3), there are hereby transferred to the Commandant, U.S. Coast Guard, the functions vested in the Secretary of the Treasury by subsection (g) of 37 U.S.C. 308 (added by Public Law 89-132), concerning the payment of reenlistment bonuses to military members possessing critically needed skills.

This delegation of authority supplements Treasury Department Order No. 167-12, which previously delegated other Secretarial functions of 37 U.S.C. 308 to the Commandant.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 167-71, JANUARY 21, 1966.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTIONS OF THE SECRETARY OF THE TREASURY UNDER TITLE 37, UNITED STATES CODE

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and by title 37, United States Code, there are transferred to the Commandant, U.S. Coast Guard, the functions of the Secretary of the Treasury under:

1. All applicable sections of title 37, United States Code, wherein the Secretary is empowered to prescribe regulations or otherwise exercise authority in the premises.

This order supersedes Treasury Department Orders No. 154, dated August 7, 1952; No. 167-3, dated May 6, 1953; No. 167-12, dated September 27, 1954; No. 167-17, dated June 29, 1955; No. 167-18, dated December 8, 1955; No. 167-19, dated January 6, 1956; No. 167-30, dated December 13, 1957; No. 167-34, dated September 24, 1958; No. 167-37, dated July 22, 1959, and No. 167-69, dated October 20, 1965.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 167-72, FEBRUARY 15, 1966.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF CERTAIN FUNCTIONS OF THE SECRETARY OF THE TREASURY CONTAINED IN PUBLIC LAW 89-198 (10 U.S.C. 1124)

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631, and pursuant to the authority delegated to me by Treasury Department Order No. 190 (revision 4), there are hereby transferred to the Commandant, U.S. Coast Guard, the functions of the Secretary of the Treasury, except as noted below, contained in Public Law 89-198 (10 U.S.C. 1124), providing for the granting of cash and honorary awards to Coast Guard military members, whose suggestions, inventions, or scientific achievements contribute to the efficiency, economy, or other improvement of operations or programs relating to the Armed Forces.

a. Awards granted under 10 U.S.C. 1124(b) will be subject to Presidential and Secretarial approval.

b. Awards in excess of \$5,000 will require approval of the Secretary.

c. The Commandant shall prepare for the Secretary the annual program report with appropriate recommendations required under 10 U.S.C. 1124(g).

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 167-73, MARCH 29, 1966.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTIONS WITH RESPECT TO THE COAST GUARD CONTINGENCY CAPABILITY PLAN

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631, and pursuant to the authority delegated to me by Treasury Department Order No. 190 (revision 4), there are hereby transferred to the Commandant, U.S. Coast Guard, the powers vested in

the Secretary of the Treasury by 14 U.S.C. 145(c) with respect to developing and executing the Coast Guard contingency capability plan, concerning the commitment of Coast Guard forces in support of the U.S. Navy in an emergency or quasi-war situation.

This delegation of authority is specifically restricted to the Coast Guard contingency capability plan and will be exercised only by the Commandant or the official designated to act in his absence.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 167-74, APRIL 11, 1966.—DELEGATION TO COMMANDANT, U.S. COAST GUARD, OF FUNCTION TO PRESCRIBE THE REGULATIONS GOVERNING THE AWARD OF THE VIETNAM SERVICE MEDAL

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950 and 14 U.S.C. 631, and pursuant to the authority delegated to me by Treasury Department Order No. 190 (revision 4), there is hereby transferred to the Commandant, U.S. Coast Guard, the function of the Secretary contained in Executive Order 11231, concerning the prescribing of regulations governing the award of the Vietnam Service Medal to Coast Guard personnel.

The regulations issued shall be uniform to the extent practicable with those of the other Armed Forces, and the terminal date for awarding the Vietnam Service Medal to Coast Guard personnel shall be the same as that specified by the Secretary of Defense for the other Armed Forces.

TRUE DAVIS,
Assistant Secretary of the Treasury.

No. 173-2, OCTOBER 7, 1965.—ESTABLISHMENT OF A LEGAL SECTION IN THE U.S. SECRET SERVICE

By virtue of the authority vested in me as Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, there is hereby established in the U.S. Secret Service a Legal Section, which shall be a part of the Legal Division under the supervision of the General Counsel. The head of that section shall report to the General Counsel through an Assistant General Counsel and shall perform the legal services required by the Chief, U.S. Secret Service.

This order shall be effective upon entrance on duty of the first attorney in the Legal Section.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 173-3, OCTOBER 29, 1965.—REALINEMENT OF HEADQUARTERS FUNCTIONS AND RESPONSIBILITIES IN THE U.S. SECRET SERVICE

By virtue of the authority vested in me as Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, the following offices are hereby established in the Headquarters of the U.S. Secret Service:

Director
Assistant to the Director (Inspection and Audit)
Assistant to the Director (Information and Liaison)
Counsel
Assistant Director (Investigations)
Assistant Director (Protective Intelligence)
Assistant Director (Protective Forces)
Assistant Director (Administration)

The Director of the Secret Service will proceed to carry out the provisions of this order as expeditiously as possible. He shall, with the approval of the Special Assistant to the Secretary (for Enforcement):

(1) Create appropriate subordinate offices and assign to all offices such functions and duties as he determines to be necessary or desirable, and

(2) Eliminate, during the process of realining functions and responsibilities, those positions which in his judgment are made superfluous or duplicative by this order.

The Counsel of the Secret Service shall be subject to the general supervision of the General Counsel of the Treasury.

All present functions and duties of the Chief, U.S. Secret Service, including functions under any delegation of authority to that officer made pursuant to the provisions of any Treasury order, are transferred to the Director, U.S. Secret Service.

JOSEPH W. BARR,
Acting Secretary.

No. 175-2, JULY 28, 1965.—TRANSFER TO THE OFFICE OF THE SECRETARY OF CERTAIN LEGAL FUNCTIONS PERFORMED BY THE OFFICE OF THE CHIEF COUNSEL, INTERNAL REVENUE SERVICE, FOR THE OFFICE OF DIRECTOR OF PRACTICE

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, it is hereby ordered that the legal functions performed by the Office of the Chief Counsel for the Office of the Director of Practice, except those relating to suspension and disbarment proceedings before hearing examiners, shall be transferred from the Office of the Chief Counsel, Internal Revenue Service, to the Office of the Secretary and performed in the Office of the Director of Practice under the immediate supervision of the General Counsel.

Such positions, funds, records, and equipment as are determined by the Commissioner of Internal Revenue and the General Counsel to be necessary to perform these functions shall be transferred to the Office of the Secretary as of July 1, 1965.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 175-3, APRIL 28, 1966.—TRANSFER OF SPECIAL ENROLLMENT EXAMINATION FUNCTION FROM OFFICE OF THE SECRETARY TO INTERNAL REVENUE SERVICE

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, it is hereby ordered that the function of administering the special enrollment examination for practice by agents before the Internal Revenue Service is transferred from the Office of the Director of Practice in the Office of the General Counsel to the Internal Revenue Service.

Such personnel, funds, records, and equipment as are determined by the General Counsel and the Commissioner of Internal Revenue to be necessary to perform the function relating to the special enrollment examination shall be transferred to the Internal Revenue Service as of the date of this order.

JOSEPH W. BARR,
Acting Secretary.

No. 177-22, JULY 2, 1965.—DELEGATION OF FUNCTIONS UNDER THE MILITARY PERSONNEL AND CIVILIAN EMPLOYEES' CLAIMS ACT OF 1964 (PUBLIC LAW 88-558)

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, there is hereby delegated to the head of each bureau, office, service, and division the functions under the Military Personnel and Civilian Employees' Claims Act of 1964 (Public Law 88-558) to settle and pay claims for not more than \$6,500 made by a member of the Coast Guard or by a civilian officer or employee of the Treasury Department, for damage to, or loss of, personal property incident to his service.

The authority herein delegated to the head of each bureau, office, service, and division may be redelegated by him to any subordinate officer or employee. The determinations made by the head of a bureau or his designee shall be final and conclusive.

The payment of claims pursuant to this delegation shall be in accordance with regulations issued by the Assistant Secretary for Administration.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 177-22, REVISION No. 1, OCTOBER 18, 1965.—DELEGATION OF FUNCTIONS UNDER THE MILITARY PERSONNEL AND CIVILIAN EMPLOYEES' CLAIMS ACT OF 1964, AS AMENDED

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, there is hereby delegated to the head of each bureau, office, service, and division the authority under the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, to settle and pay claims made by a member of the Coast Guard or by a civilian officer or employee of the Treasury Department, for damage to or loss of personal property incident to his service.

The authority herein delegated to the head of each bureau, office, service, and division, may be redelegated by him to any subordinate officer or employee. The determinations made by the head of a bureau or his designee shall be final and conclusive.

The payment of claims pursuant to this delegation shall be in accordance with regulations issued by the Assistant Secretary for Administration.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 177-23, JULY 8, 1965.—DESIGNATION OF ASSISTANT SECRETARY TO SERVE AS MEMBER OF FOREIGN-TRADE ZONES BOARD

Pursuant to Treasury Department Order No. 190, revision 2, of October 23, 1963, the Assistant Secretary of the Treasury having responsibility for the supervision of the Bureau of Customs is directed to act for the Secretary of the Treasury with respect to all of the Secretary's functions as a member of, and with respect to, the Foreign-Trade Zones Board and to exercise all of the authority of the Secretary of the Treasury under the act of June 18, 1934, 48 Stat. 998 (19 U.S.C. 81a, et seq., as amended).

Nothing herein shall be deemed to limit the authority which has been granted to any officer of the Treasury Department by Treasury Department Order No. 190, revision 2.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 178-1, SEPTEMBER 13, 1965.—DELEGATION TO CHIEF DISBURSING OFFICER, BUREAU OF ACCOUNTS, OF AUTHORITY TO SIGN CERTAIN CHECKS

Pursuant to the authority vested in the Fiscal Assistant Secretary by Treasury Department Order No. 190 (revision 2), dated October 23, 1963, there is hereby delegated to the Chief Disbursing Officer, or such regional disbursing officer or officers as he may designate, the authority to sign, in his own name, checks drawn against all accounts of the Secretary of the Treasury except the Special Account, D.O. Symbol 4917, which shall be signed:

SECRETARY OF THE TREASURY

By _____
*Chief Disbursing Officer or Regional
Disbursing Officer or Officers*

Treasury Department Order No. 978, dated October 20, 1953, is hereby rescinded.

GEORGE F. STICKNEY,
Deputy Fiscal Assistant Secretary.

No. 182-1, MAY 18, 1966.—DELEGATION OF AUTHORITY TO APPOINT PERSONS TO SIGN OFFICIAL DOCUMENTS IN THE OFFICE OF THE TREASURER

By virtue of the authority vested in the Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, and by virtue of the authority vested in me as Fiscal Assistant Secretary of the Treasury by Treasury Department Order No. 190 (revision 4), there is hereby delegated to the Treasurer of the United States the authority vested in the Secretary of the Treasury under section 304 of the Revised Statutes, as amended, 31 U.S.C. 144, to appoint one or more clerks in the Treasurer's Office to be a Special Assistant Treasurer with authority to sign certificates of deposit, checks, letters, telegrams, and other official documents in connection with the business of the Treasurer's Office.

JOHN K. CARLOCK,
Fiscal Assistant Secretary.

No. 183, REVISION No. 4, NOVEMBER 26, 1965.—ORDER OF SUCCESSION AMONG TREASURY OFFICIALS

1. Pursuant to Executive Order 10941, dated May 15, 1961, in the case of the death, resignation, absence, or sickness of the Secretary, the Under Secretary, and the Under Secretary for Monetary Affairs, the following officers shall, in the order of succession indicated, act as Secretary of the Treasury until a successor is appointed or until the absence or sickness shall cease:

(a) General Counsel.

(b) Assistant Secretaries, appointed by the President with Senate confirmation, in the order in which they took the oath of office as Assistant Secretary.

2. Under the authority of Reorganization Plan No. 26 of 1950, the order of succession stated in paragraph 1 above is hereby extended to include the following, after the Assistant Secretaries appointed by the President with Senate confirmation:

(a) Executive Pay Act officials appointed by the President with Senate confirmation, first in the order of Executive Pay Act levels, then in the order in which they took the oath of office in their present positions.

3. Under the authority of Reorganization Plan No. 26 of 1950, the order of succession stated in paragraphs 1 and 2 above is hereby further extended to include the following, after the Executive Pay Act officials appointed by the President with Senate confirmation:

(a) Executive Pay Act officials, not appointed by the President with Senate confirmation, first in the order of Executive Pay Act levels, then in the order in which they took the oath of office in their present positions.

(b) The Assistants to the Secretary at GS-18 in the order of the dates of their appointments as Assistants to the Secretary.

(c) Other GS-18 officials in the Office of the Secretary in the order in which they took the oath of office.

(d) GS-18 bureau officials appointed by the President with Senate confirmation in the order in which they took the oath of office.

4. Under the authority of Reorganization Plan No. 26 of 1950, the senior official of GS-15 rank or above from the Office of the Secretary, and in the absence of such an official, the senior Treasury bureau headquarters official of GS-15 rank or above present at the Treasury emergency relocation site, is authorized to perform as Acting Secretary of the Treasury all the duties of the Secretary of the Treasury whenever, to the best of his knowledge, the Secretary of the Treasury and all officers authorized under paragraphs 1, 2, and 3, above, to act as Secretary are unable to take action. Seniority shall be determined by rank and salary level and length of service therein.

5. Under the authority of Reorganization Plan No. 26 of 1950, in the event all the officers designated in paragraphs 1, 2, 3, and 4, above, are unavailable or unable to take action, the following officers shall, in the order of succession indicated, act as Secretary of the Treasury as required:

(a) Regional commissioners, Internal Revenue Service, in the order in which they were appointed as regional commissioners.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 190, REVISION No. 3, OCTOBER 25, 1965.—SUPERVISION OF BUREAUS AND PERFORMANCE OF FUNCTIONS IN THE TREASURY DEPARTMENT

1. The following bureaus, offices, and staff assistants shall be under the direct supervision of the Secretary and the Under Secretary:

Internal Revenue Service
Office of the Comptroller of the Currency
Assistant to the Secretary (Congressional Relations)
Assistant to the Secretary (National Security Affairs)
Assistant to the Secretary (Public Affairs)
Special Assistants to the Secretary
Director, Executive Secretariat

2. The following bureaus, offices, and other organizational units shall be under the general supervision of the Secretary and the Under Secretary and under the direct supervision of the officials indicated:

A. *Under Secretary for Monetary Affairs*

Deputy Under Secretary for Monetary Affairs
Office of Financial Analysis
Office of Domestic Gold and Silver Operations
Office of Debt Analysis

The Assistant Secretary (International Affairs) and the Fiscal Assistant Secretary, to the extent of their responsibilities for international and domestic monetary and fiscal policies

Assistant to the Secretary (Debt Management)

U.S. Savings Bonds Division

B. *General Counsel*

Legal Division
Office of Director of Practice

C. *Assistant Secretary*

Bureau of Customs
U.S. Coast Guard
Bureau of Engraving and Printing

D. *Assistant Secretary (International Affairs)*

Office of International Affairs
Office of Foreign Assets Control (through Assistant to the Secretary for National Security Affairs)

E. *Assistant Secretary (Tax Policy, including international tax affairs)*

Office of Tax Legislative Counsel
Office of Tax Analysis

F. *Assistant Secretary*

Bureau of the Mint
Office of Employment Policy Program

G. *Special Assistant to the Secretary (for Enforcement)*

U.S. Secret Service
Bureau of Narcotics
Office of Law Enforcement Coordination

H. *Fiscal Assistant Secretary*

Bureau of Accounts
Bureau of the Public Debt
Office of the Treasurer of the United States

I. *Assistant Secretary for Administration*

Office of Administrative Services
Office of Budget and Finance
Office of Management and Organization
Office of Personnel
Office of Security

3. The Under Secretary, the Under Secretary for Monetary Affairs, the General Counsel, the Assistant Secretaries, and the Special Assistant for Enforcement, are authorized to perform any functions the Secretary is authorized to perform. Each of these officials shall perform functions under this authority in his own capacity and under his own title, and shall be responsible for referring to the Secretary any matter on which action should appropriately be taken by the Secretary. Each of these officials will ordinarily perform under this authority only functions which arise out of, relate to, or concern the activities or functions of or the laws administered by or relating to the bureaus, offices, or other organizational units over which he has supervision. Any action heretofore taken by any of these officials in

his own capacity and under his own title is hereby affirmed and ratified as the action of the Secretary.

4. The following officers shall, in the order of succession indicated, act as Secretary of the Treasury in case of the death, resignation, absence, or sickness of the Secretary and other officers succeeding him, until a successor is appointed or until the absence or sickness shall cease:

- A. Under Secretary
- B. Under Secretary for Monetary Affairs
- C. General Counsel
- D. Presidentially appointed Assistant Secretaries in the order in which they took the oath of Office as Assistant Secretary

5. Treasury Department Order No. 190 (revision 2) is rescinded.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 190, REVISION No. 4, DECEMBER 15, 1965.—SUPERVISION OF BUREAUS AND PERFORMANCE OF FUNCTIONS IN THE TREASURY DEPARTMENT

1. The following bureaus, offices, and staff assistants shall be under the direct supervision of the Secretary and the Under Secretary:

- Internal Revenue Service
- Office of the Comptroller of the Currency
- Assistant to the Secretary (Congressional Relations)
- Assistant to the Secretary (National Security Affairs)
- Assistant to the Secretary (Public Affairs)
- Special Assistants to the Secretary
- Director, Executive Secretariat

2. The following bureaus, offices, and other organizational units shall be under the general supervision of the Secretary and the Under Secretary and under the direct supervision of the officials indicated:

- A. *Under Secretary for Monetary Affairs*
 - Deputy Under Secretary for Monetary Affairs
 - Office of Financial Analysis
 - Office of Domestic Gold and Silver Operations
 - Office of Debt Analysis
 - The Assistant Secretary (International Affairs) and the Fiscal Assistant Secretary, to the extent of their responsibilities for international and domestic monetary and fiscal policies
 - Assistant to the Secretary (Debt Management)
 - U.S. Savings Bonds Division
- B. *General Counsel*
 - Legal Division
 - Office of Director of Practice
- C. *Assistant Secretary*
 - Bureau of Customs
 - U.S. Coast Guard
 - Bureau of Engraving and Printing
- D. *Assistant Secretary (International Affairs)*
 - Office of International Affairs
 - Office of Foreign Assets Control (through Assistant to the Secretary for National Security Affairs)
- E. *Assistant Secretary (Tax Policy, including international tax affairs)*
 - Office of Tax Legislative Counsel
 - Office of Tax Analysis
- F. *Assistant Secretary*
 - Bureau of the Mint
 - Office of Employment Policy Program
- G. *Special Assistant to the Secretary (for Enforcement)*
 - U.S. Secret Service
 - Bureau of Narcotics
 - Office of Law Enforcement Coordination
- H. *Fiscal Assistant Secretary*
 - Bureau of Accounts
 - Bureau of the Public Debt
 - Office of the Treasurer of the United States

- I. *Assistant Secretary for Administration*
 - Office of Administrative Services
 - Office of Budget and Finance
 - Office of Management and Organization
 - Office of Personnel
 - Office of Planning and Program Evaluation
 - Office of Security

3. The Under Secretary, the Under Secretary for Monetary Affairs, the General Counsel, the Assistant Secretaries, and the Special Assistant for Enforcement, are authorized to perform any functions the Secretary is authorized to perform. Each of these officials shall perform functions under this authority in his own capacity and under his own title, and shall be responsible for referring to the Secretary any matter on which action should appropriately be taken by the Secretary. Each of these officials will ordinarily perform under this authority only functions which arise out of, relate to, or concern the activities or functions of or the laws administered by or relating to the bureaus, offices, or other organizational units over which he has supervision. Any action heretofore taken by any of these officials in his own capacity and under his own title is hereby affirmed and ratified as the action of the Secretary.

4. The following officers shall, in the order of succession indicated, act as Secretary of the Treasury in case of the death, resignation, absence, or sickness of the Secretary and other officers succeeding him, until a successor is appointed or until the absence or sickness shall cease:

- A. Under Secretary
 - B. Under Secretary for Monetary Affairs
 - C. General Counsel
 - D. Presidentially appointed Assistant Secretaries in the order in which they took the oath of office as Assistant Secretary
5. Treasury Department Order No. 190 (revision 3) is rescinded.

JOSEPH W. BARR,
Acting Secretary of the Treasury.

No. 205, JULY 26, 1965.—DELEGATION OF AUTHORITY TO PROCURE FOR THE
MINTING OF CLAD COINS

By virtue of the authority vested in me as Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, there is hereby delegated to Miss Eva Adams, Director of the Mint, without limitation, all the authority vested in the Secretary of the Treasury under section 103 of the act of July 23, 1965, Public Law 89-81, relating to the procurement of equipment, manufacturing facilities, patents, patent rights, technical knowledge and assistance, metallic strip, and other materials necessary to produce rapidly an adequate supply of clad coins.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 205-1, JULY 26, 1965.—DELEGATION OF AUTHORITY TO PURCHASE METAL
FOR COINAGE

By virtue of the authority vested in me as Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, there is hereby delegated to the Director of the Mint, without limitation, all the authority vested in the Secretary of the Treasury under Revised Statutes section 3528, as amended (31 U.S.C. 340), to purchase metal for coinage from the coinage metal fund, and all the authority vested in the Secretary under 41 U.S.C. 252(c) which may be delegated pursuant to 41 U.S.C. 257.

HENRY H. FOWLER,
Secretary of the Treasury.

No. 205-2, AUGUST 18, 1965.—DELEGATION OF AUTHORITY TO PURCHASE SILVER BULLION

By virtue of the authority vested in the Secretary of the Treasury by Reorganization Plan No. 26 of 1950, and by virtue of the authority vested in me as Assistant Secretary of the Treasury by Treasury Department Order No. 190 (revision 2), there is hereby delegated to the Director of the Mint, and to the superintendents and officers in charge of the mints and assay offices of the United States, the authority vested in the Secretary of the Treasury under section 3526 of the Revised Statutes, as amended by section 205 of Public Law 89-81, relating to the purchase by the Secretary of the Treasury of silver bullion with the bullion fund.

The Director, and the superintendents and officers in charge, may redelegate the authority hereby delegated to them.

ROBERT A. WALLACE,
Assistant Secretary of the Treasury.

No. 205-3, DECEMBER 2, 1965.—DELEGATION OF AUTHORITY TO PURCHASE CERTAIN EQUIPMENT AND FACILITIES FOR THE BUREAU OF THE MINT

By virtue of the authority vested in the Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, and by virtue of the authority vested in me as Assistant Secretary of the Treasury by Treasury Department Order No. 190 (revision 3), there is hereby delegated to the Director of the Mint, without limitation, all the authority vested in the Secretary by the act of August 20, 1963, Public Law 88-102, section 1, 77 Stat. 129 (31 U.S.C. 291) to furnish and equip the buildings described therein with all the necessary coinage and other special equipment and facilities. Any action heretofore taken by the Director of the Mint which involved the exercise of authority hereby granted is affirmed and ratified.

ROBERT A. WALLACE,
Assistant Secretary of the Treasury.

No. 206, DECEMBER 16, 1965.—ESTABLISHMENT OF OFFICE OF PLANNING AND PROGRAM EVALUATION

By virtue of the authority vested in me as Secretary of the Treasury, including the authority in Reorganization Plan No. 26 of 1950, there is hereby established an Office of Planning and Program Evaluation within the office of the Assistant Secretary for Administration.

The Director of this Office shall be under the policy direction of the Secretary and Under Secretary, and the general supervision of the Assistant Secretary for Administration, to assure maximum effectiveness in the establishment, operation, and coordination of an integrated planning-programing-budgeting system in the Treasury Department. Activities of the new Office shall be coordinated fully with related activities of existing management and budgetary offices to provide the full range and utilization of systematic analytical, planning, programing, and budgetary capability.

The functions of this Office shall include, but shall not be limited to, the following:

- Institute a comprehensive system of multiyear planning that provides specific practical guidelines for use by Office of the Secretary and bureau officials in systematically planning or modifying programs and activities.
- Review and evaluate the program structure for the Treasury Department with a view to achieving optimal integration and coordination of missions, operations, and activities.
- Review and evaluate Treasury programs and activities in terms of costs and benefits, including the identification, development, and analysis of economic alternatives and/or cost-benefit relationships of existing and proposed programs and activities.
- Formulate proposals for the most effective and economical execution of program and financial plans, including proposals for modification, curtailment, elimination, or expansion of programs and activities.

—Prepare multiyear program and financial plans for use by the Secretary and other top officials in the decisionmaking process, and provide for the necessary translation of these plans into the annual budget process.
This order shall become effective immediately.

JOSEPH W. BARR,
Acting Secretary.

No. 208, MARCH 31, 1966.—DELEGATION OF AUTHORITY TO UTILIZE PROVISIONS OF TITLE III OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, AS AMENDED

1. Pursuant to the authority vested in the Secretary of the Treasury by title III of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377, 393), as amended (41 U.S.C. ch. 4) and by Reorganization Plan No. 26 of 1950, and pursuant to the authority vested in me as Assistant Secretary for Administration by Treasury Department Order No. 190, revision 4, 30 F.R. 15769, authority is hereby delegated to the heads of bureaus of the Treasury Department other than the U.S. Coast Guard to utilize the provisions of title III of the Federal Property and Administrative Services Act of 1949, as amended, when procuring property and services, except as precluded by section 307 of the act.

2. This authority shall be exercised in accordance with the applicable limitations and requirements of the act, particularly sections 304 and 307.

3. This authority shall be exercised in accordance with the applicable limitations and requirements of the Federal Procurement Regulations, 41 CFR chapter 1, as well as regulations issued by the Treasury Department which implement and supplement the Federal Procurement Regulations, including, but not limited to, 41 CFR chapter 10.

4. Notwithstanding any other provisions in this order, prior to the execution of any contract for management consulting services, the approval of the Assistant Secretary for Administration will first be obtained. The term "management consulting services" includes any survey, study, examination, analysis, review, or consultation having as its purpose improvements in the effectiveness, efficiency, and economy of Treasury Department operations. While this definition would not include contracts with individuals engaged, for example, to lecture in a bureau training program, it would include a contract with a person engaged to advise on the type of training program to be established.

5. Semiannually the heads of bureaus shall furnish to the Assistant Secretary for Administration a report of all contracts negotiated under this delegation of authority, except those contracts negotiated in which the aggregate amount involved does not exceed \$2,500. These reports shall be furnished by February 1 and August 1 of each year and shall contain information on all negotiated contracts executed within the preceding July 1 through December 31 (in the February 1 report) and within the preceding January 1 through June 30 (in the August 1 report). These reports shall be in the form and contain such information as specified by the Assistant Secretary for Administration.

6. To the extent permitted by the act, the authority herein delegated to the heads of bureaus may be redelegated by them to any subordinate officer or employee. However, for the purposes of section 307(b) of the act, only the heads of bureaus shall be deemed to be the chief officers responsible for procurement.

A. E. WEATHERBEE,
Assistant Secretary for Administration.

Advisory Committees

EXHIBIT 78.—Advisory committees utilized by the Treasury Department under Executive Order 11007

During the fiscal year 1966, the Secretary of the Treasury found the formation or use by the Department of the following advisory committees to be in the public interest in accordance with the requirements of Executive Order 11007, dated February 26, 1962. The information concerning these committees is being published in the annual report in compliance with section 10 of the order.

Office of the Secretary

DEBT MANAGEMENT COMMITTEES

The Treasury Department, in connection with debt management duties, uses in an advisory capacity the services of a number of committees representing organizations which form a cross section of the American financial community. The committees meet periodically, at the invitation of the Treasury, to discuss and advise upon current and future Federal financings. The Treasury finds discussions with these advisory groups to be of great value, primarily in assessing the general market sentiment prior to a major refinancing of maturing obligations. Their recommendations are carefully considered by Treasury officials and serve as a part of the background environment for the final financing decisions. These committees are as follows:

American Bankers Association, Government Borrowing Committee
 Investment Bankers Association of America, Governmental Securities Committee
 National Association of Mutual Savings Banks, Committee on Government Securities and the Public Debt
 Life Insurance Association of America and American Life Convention, Joint Economic Policy Committee
 U.S. Savings and Loan League, National League of Insured Savings Associations, Advisory Committee on Government Securities
 Independent Bankers Association, Government Fiscal Policy Committee

Four meetings were held with the Government Borrowing Committee of the American Bankers Association in fiscal 1966, on July 27-28, October 26 and 27, January 25-26, and April 20-27.

Membership of the Committee was as follows:

Henry C. Alexander	Chairman, Morgan Guaranty Trust Company of New York, New York, N.Y.
Julian B. Baird	Advisory Director, The First National Bank of St. Paul, St. Paul, Minn.
George Champion	Chairman, The Chase Manhattan Bank, New York, N.Y.
Jack T. Conn	Chairman, Fidelity National Bank and Trust Co., Oklahoma City, Okla.
Kenton R. Cravens	Chairman, Mercantile Trust Company, St. Louis, Mo.
Archie K. Davis	Chairman, Wachovia Bank and Trust Co., Winston-Salem, N.C.
George S. Eccles	President, First Security Bank of Utah, Salt Lake City, Utah.
Robert V. Fleming	Advisory Chairman of the Board, The Riggs National Bank of Washington, D.C., Washington, D.C.
Sam M. Fleming	President, Third National Bank, Nashville, Tenn.
Charles J. Gable, Jr.	Senior Vice President, The First Pennsylvania Banking and Trust Company, Philadelphia, Pa.
Frank L. King	Chairman, United California Bank, Los Angeles, Calif.
S. J. Kryzsko	President, Winona National and Savings Bank, Winona, Minn.
Frederick G. Larkin, Jr.	President, Security First National Bank, Los Angeles, Calif.
John J. Larkin	Vice President, First National City Bank, New York, N.Y.
Homer J. Livingston	Chairman, The First National Bank of Chicago, Chicago, Ill.
John A. Mayer (Chairman)	President, Mellon National Bank and Trust Company, Pittsburgh, Pa.
Robert P. Mayo	Vice President, Continental Illinois National Bank and Trust Co., Chicago, Ill.
George A. Murphy	Chairman, Irving Trust Company, New York, N.Y.

Reno Odlin	Chairman, The Puget Sound National Bank, Tacoma, Wash.
F. Raymond Peterson	Chairman, First National Bank of Passaic County, Paterson, N.J.
Rudolph A. Peterson	President, Bank of America N.T. & S.A., San Francisco, Calif.
James D. Robinson, Jr.	Chairman, The First National Bank of Atlanta, Atlanta, Ga.
James S. Rockefeller	Chairman, First National City Bank, New York, N.Y.
Robert G. Rouse	Partner, Laidlaw and Co., New York, N.Y.
Dietrich Schmitz	Chairman, Washington Mutual Savings Bank, Seattle, Wash.
Edward B. Smith	Chairman, The Northern Trust Co., Chicago, Ill.
Norfleet Turner	Chairman, The First National Bank of Memphis, Memphis, Tenn.
Joseph C. Welman	Chairman, Bank of Kennett, Kennett, Mo.
Paul I. Wren	President, Old Colony Trust Company, Boston, Mass.
Charls E. Walker	Executive Vice President and Executive Manager, The American Bankers Association, New York, N.Y.
William T. Heffelfinger	Federal Administrative Adviser, The American Bankers Association, Washington, D.C.
Thomas R. Atkinson	Director of Research, American Bankers Association, New York, N.Y.

Four meetings were held with the Governmental Securities Committee of the Investment Bankers Association in fiscal year 1966, on July 27-28, October 26-27, January 25-26, and April 26-27.

Membership of the Committee was as follows:

Daniel S. Ahearn	Vice President, Wellington Management Co., Philadelphia, Pa.
Robert H. Bethke	Executive Vice President, Discount Corp. of New York, New York, N.Y.
Robert B. Blyth	First Vice President, The National City Bank, Cleveland, Ohio.
Loring T. Briggs	Vice President, Blyth and Co., Inc., New York, N.Y.
Alan K. Browne	Vice President, Bank of America, N.T. & S.A., San Francisco, Calif.
Carl F. Cooke	Vice President, First Boston Corporation, New York, N.Y.
G. Lamar Crittenden	Vice President, The First National Bank, Boston, Mass.
Stewart A. Dunn	Vice President, Merrill, Lynch, Pierce, Fenner & Smith, Inc., New York, N.Y.
Lester H. Empey	Senior Vice President, Wells Fargo Bank American Trust Company, San Francisco, Calif.
Alfred H. Hauser	Senior Vice President, Chemical Bank New York Trust Company, New York, N.Y.
Alger J. Jacobs	Senior Vice President, Crocker-Citizens National Bank, San Francisco, Calif.
Ralph E. Leach	Senior Vice President and Treasurer, Morgan Guaranty Trust Company, New York, N.Y.
Eugene S. Lee	Senior Vice President, Valley National Bank of Arizona, Phoenix, Ariz.
Edward D. McGrew	Vice President, The Northern Trust Company, Chicago, Ill.
John H. Perkins (Chairman)	Senior Vice President, Continental Illinois National Bank and Trust Company, Chicago, Ill.
William W. Pevear	Vice President, Irving Trust Company, New York, N.Y.
Delmont K. Pfeffer (Chairman)	Senior Vice President, The First National City Bank of New York, New York, N.Y.

Robert B. Rivel	Vice President, The Chase Manhattan Bank, New York, N.Y.
Arthur W. Schlichting	Vice President, Bankers Trust Company, New York, N.Y.
Girard L. Spencer	Partner, Salomon Brothers and Hutzler, New York, N.Y.
Franklin Stockbridge	Vice President, Security First National Bank, Los Angeles, Calif.
Robert W. Stone	Vice President, National Bank of Detroit, Detroit, Mich.
Paul E. Uhl	Vice President, United California Bank, Los Angeles, Calif.
William J. Wallace	Vice President, Mellon National Bank and Trust Company, Pittsburgh, Pa.
C. Richard Youngdahl	President, Aubrey G. Lanston and Company, Inc., New York, N.Y.

One meeting was held with the Committee on Government Securities and the Public Debt of the National Association of Mutual Savings Banks in fiscal 1966, on June 29, 1966.

Membership of the Committee was as follows:

John W. Kress (Chairman)	President, The Howard Savings Institution, Newark, N.J.
William H. Harder	President, Buffalo Savings Bank, Buffalo, N.Y.
Maynard L. Harris	Chairman of the Board, Suffolk Franklin Savings Bank, Boston, Mass.
G. Churchill Francis	Executive Vice President, The Boston Five Cents Savings Bank, Boston, Mass.
Bernard H. Ineson	Senior Vice President, Providence Institution for Savings, Providence, R.I.
Barrett C. Nichols	Executive Vice President, Maine Savings Bank, Portland, Maine.
Lester J. Norcross	President, Syracuse Savings Bank, Syracuse, N.Y.
Frederick P. Smith	President, Burlington Savings Bank, Burlington, Vt.
Howard B. Smith	President, The Middletown Savings Bank, Middletown, Conn.
Harlan J. Swift	President, Erie County Savings Bank, Buffalo, N.Y.
Dr. Grover W. Ensley	Executive Vice President, National Association of Mutual Savings Banks, New York, N.Y.
Saul B. Klamane	Staff Member, NAMSB
	Director of Research, NAMSB
Donald E. Lawson	Staff Member, NAMSB

A meeting was held with the Advisory Committee on Government Securities of the Savings and Loan Business in fiscal 1966, on June 9, 1966.

Membership of the Committee was as follows:

James Aliber	Executive Vice President, First Federal Savings and Loan Association, Detroit, Mich.
James E. Bent	Chairman, Hartford Federal Savings and Loan Association, Hartford, Conn.
Frederick Bjorklund	President, Minnesota Federal Savings and Loan Association, St. Paul, Minn.
Lacy Bogges	President, Mutual Savings and Loan Associa- tion, Fort Worth, Tex.
C. L. Clements (Chairman)	Chairman, Chase Federal Savings and Loan Association, Miami Beach, Fla.
W. O. DuVall	Chairman, Atlanta Federal Savings and Loan Association, Atlanta, Ga.
Fred F. Enemark	Executive Vice President, Marin County Savings and Loan Association, San Rafael, Calif.
E. Stanley Enlund	President, First Federal Savings and Loan Association, Chicago, Ill.
Richard G. Gilbert	President, The Citizens Savings Association, Canton, Ohio.

L. W. Grant, Sr.	Chairman, Home Federal Savings and Loan Association, Tulsa, Okla.
George E. Leonard	Chairman, First Federal Savings and Loan Association, Phoenix, Ariz.
Roy M. Marr	Chairman, Leader Federal Savings and Loan Association, Memphis, Tenn.
John W. Stadler	President, National Permanent Savings and Loan Association, Washington, D.C.
A. D. Theobald	President, First Federal Savings and Loan Association, Peoria, Ill.
W. C. Warman	Secretary, U.S. Savings and Loan League, Chicago, Ill.
James A. Hollensteiner	Assistant Secretary, U.S. Savings and Loan League, Chicago, Ill.

A meeting was held with the Government Fiscal Policy Committee of the Independent Bankers Association on June 13, 1966.

Membership of the Committee was as follows:

Milton J. Hayes (Chairman)	Vice President, American National Bank & Trust Co., Chicago, Ill.
W. F. Enright	Senior Vice President, American National Bank of Saint Joseph, St. Joseph, Mo.
O. K. Johnson	President, Whitefish Bay State Bank, Milwaukee, Wis.
O. M. Jorgenson	Chairman, Security Trust and Savings Bank, Billings, Mont.
R. C. Liddon	Chairman, The Security Bank, Corinth, Miss.
W. W. Marshall, Jr.	President, Commercial National Bank and Trust Co., Grand Island, Nebr.
Gene Moore	Secretary, Independent Bankers Association, Sauk Centre, Minn.
Herschel R. Page	President, Farmers and Merchants State Bank, Plankinton, S. Dak.

AD HOC ADVISORY COMMITTEE ON PARTICIPATION CERTIFICATE SALES

The Secretary of the Treasury established this committee on June 14, 1966, to be terminated not later than 2 years from this date unless its continuance is found by him to be in the public interest.

The functions of the Ad Hoc Committee are to provide advice and recommendations to the Treasury Department with respect to techniques and procedures for the sale of participation certificates authorized pursuant to the "Participation Sales Act of 1966." The membership consists of: representatives from standing advisory committees which are consulted by the Treasury Department in the marketing of Government securities and related Treasury debt management functions; other market specialists; and representatives of Federal agencies directly involved in the marketing of participation certificates.

The membership of the Committee, which met in the fiscal year 1966 on June 14, was as follows:

Henry H. Fowler (Chairman) Secretary of the Treasury

American Bankers Association, Government Borrowing Committee

Charles J. Gable, Jr.	Senior Vice President, The First Pennsylvania Banking and Trust Co., Philadelphia, Pa.
Frederick G. Larkin, Jr.	President, Security First National Bank, Los Angeles, Calif.
John J. Larkin	Vice President, First National City Bank, New York, N.Y.
John A. Mayer	President, Mellon National Bank and Trust Co., Pittsburgh, Pa.
Robert G. Rouse	Partner, Laidlaw and Co., New York, N.Y.
Paul I. Wren	President, Old Colony Trust Co., Boston, Mass.

Investment Bankers Association of America, Governmental Securities Committee

Daniel S. Ahearn	Vice President, Wellington Management Co., Philadelphia, Pa.
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Robert H. Bethke	Executive Vice President, Discount Corp. of New York, New York, N.Y.
Robert B. Blyth	First Vice President, The National City Bank, Cleveland, Ohio
John H. Perkins	Senior Vice President, Continental Illinois National Bank and Trust Co., Chicago, Ill.
Girard L. Spencer	Partner, Salomon Brothers and Hutzler, New York, N.Y.

Federal National Mortgage Association's Appointed Committee

James C. Morrison	Senior Vice President, First Boston Corp., New York, N.Y.
Samuel Revits	Senior Vice President, Merrill, Lynch, Pierce, Fenner and Smith, New York, N.Y.
Donald A. Stoddard	Vice President, Morgan Guaranty Trust Co. of New York, New York, N.Y.
J. Stanley Baughman	President and Member of the Board of Directors, Federal National Mortgage Association, Washington, D.C.
Arthur C. Hemstreet	Secretary-Treasurer, Federal National Mortgage Association, Washington, D.C.
Roland H. Cook	Assistant Secretary-Treasurer, Federal National Mortgage Association, Washington, D.C.

Treasury Department's Appointed Committee

Lloyd B. Hatcher	Partner, White, Weld and Co., New York, N.Y.
Edwin H. Herzog	Partner, Lazard Freres and Co., New York, N.Y.
Joseph A. Thomas	Managing Partner, Lehman Brothers, New York, N.Y.
Arthur L. Wadsworth	Executive Vice President, Dillon Read & Co. Inc., New York, N.Y.
Sidney J. Weinberg	Partner, Goldman, Sachs and Co., New York, N.Y.

Bureau of the Budget Representatives

Charles L. Schultze	Director
Joseph E. Reeve	Chief, Monetary and Credit Analysis

Federal Reserve Representatives

Alan R. Holmes	Vice President, Federal Reserve Bank of New York; Manager, System Open Market Account of the Federal Open Market Committee
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Treasury Department Representatives

Joseph W. Barr	Under Secretary of the Treasury
Frederick L. Deming	Under Secretary of the Treasury for Monetary Affairs
Peter D. Sternlight	Deputy Under Secretary of the Treasury for Monetary Affairs.
Franklin R. Saul	Assistant to the Secretary (Debt Management)
John K. Carlock	Fiscal Assistant Secretary
R. Duane Saunders	Director, Office of Debt Analysis
Lawrence Banyas	Associate Director, Office of Debt Analysis

ADVISORY COMMITTEE ON INTERNATIONAL MONETARY ARRANGEMENTS

The purpose of the Advisory Committee on International Monetary Arrangements is to provide to the Treasury Department advice and recommendations with respect to the development of means of assuring an adequate supply of world liquidity through international monetary arrangements. The Committee consists of persons representing the U.S. segment of the international financial community and of economists specializing in financial and international monetary affairs. The functions of the Committee are solely advisory.

Formation of the Committee was announced on July 3, 1965. During fiscal 1966, the Committee held 14 meetings with the Secretary of the Treasury and other Government officials on July 16, August 2, August 23, September 16,

October 13, October 20, November 22, January 10, January 21, January 25, February 25, March 24, May 2, and June 7.

Membership of the Committee was as follows:

Douglas Dillon (Chairman)	Former Secretary of the Treasury, New York, N.Y.
Edward M. Bernstein	Economic consultant specializing in international monetary policy, Washington, D.C.
Kermit Gordon	Vice President, Brookings Institution, Washington, D.C.
Walter W. Heller	Professor of Economics, University of Minnesota, Minneapolis, Minn.
Charles P. Kindleberger	Professor of Economics, Massachusetts Institute of Technology, Cambridge, Mass.
Andre Meyer	Senior Partner, Lazard Freres and Co., New York, N.Y.
David Rockefeller	President, Chase Manhattan Bank, New York, N.Y.
Robert V. Roosa	Partner, Brown Bros. Harriman & Co., New York, N.Y.
Frazar B. Wilde	Chairman of the Board, Connecticut General Life Insurance Co., Hartford, Conn.

NEW YORK PIER COMMITTEE

Establishment of the New York Pier Committee was approved by a memorandum dated January 31, 1966, from the Secretary of the Treasury to Assistant Secretary True Davis.

The function of the Committee is to achieve minimum facility improvements to the appearance and functional efficiency of five New York City passenger piers utilized by the majority of passenger vessels calling at New York. The Committee met on May 25, 1966.

The membership in fiscal year 1966 follows:

True Davis (Chairman)	Assistant Secretary of the Treasury, Treasury Department, Washington, D.C.
Leo E. Brown	Commissioner, Department of Marine and Aviation, New York, N.Y.
V. A. Demo	General Manager, Cunard Steamship Co., Ltd., New York, N.Y.
Antonio Premuda	General Manager, Italian Line, New York, N.Y.
William B. Rand	President, United States Lines Co., New York, N.Y.
John M. Will	President, American Export Isbrandtsen Lines, Inc., New York, N.Y.

Commissioner of Customs

JOINT CUSTOMS/AIRLINE WORKING GROUP ON AIR CARGO

This Group was established by memorandum dated May 8, 1964, from the Secretary of the Treasury to the Commissioner of Customs.

The functions of the Group are to review industry procedures for handling air cargo, and related customs procedures for the assessment and collection of duties and taxes on imported merchandise, to determine if these procedures can be integrated into a system which will provide clearance with a minimum of delay and provide adequate controls for customs purposes.

The members of the Group, which met in fiscal year 1966 on January 12 and 13, were as follows:

G. R. Dickerson (Chairman)	Deputy Director, Division of Inspection and Control, Bureau of Customs, Treasury Department, Washington, D.C.
G. H. Heidbreder	Operations Officer (Air), Bureau of Customs, Treasury Department, Washington, D.C.

D. D. Kast	Supervisory Customs Law Specialist, Bureau of Customs, Treasury Department, Washington, D.C.
N. J. Marsh	Operations Officer, Bureau of Customs, Treasury Department, Washington, D.C.
J. R. Gorson	Manager—Facilitation, Air Transport Association, Washington, D.C.
S. W. McMillion	Manager—Traffic, Agreements and Procedures, United Air Lines, Chicago, Ill.
L. M. Rogers	Director, Traffic Administration, American Airlines, New York, N.Y.
A. Lewis	Assistant Manager—Facilitation, Pan American World Airways, New York, N.Y.
G. Brenne	Staff Manager—Traffic Procedures, United Airlines, Chicago, Ill.
A. Lewis	Assistant Manager—Facilitation, Pan American World Airways, New York, N.Y.
R. W. Williams	Director—Customs Service, Seaboard World Airlines, Inc., Seaboard World Building, JFK International Airport, Jamaica, N.Y.
E. J. Miller	Manager—Travel Facilitation, Trans World Airlines, New York, N.Y.

Commissioner of Internal Revenue

ADVISORY GROUP TO THE COMMISSIONER OF INTERNAL REVENUE

This Group was established by the Commissioner of Internal Revenue on June 17, 1959.

This Committee, which represents professional and other private groups concerned with Federal taxation, provides constructive criticism of Internal Revenue policies and procedures and suggests ways in which the Service can improve its operations.

The Advisory Group met on September 13-14, 1965, and December 13, 1965.

The membership in fiscal 1966 follows:

Nina Miglionico	Attorney, Birmingham, Ala.
Raphael Sherfy	Turner, Major, Markham and Sherfy, Washington, D.C.
Sam G. Winstead	Jackson, Walker, Winstead, Cantwell & Miller, Dallas, Tex.
Andrew B. Young	Stradler, Ronon, Stevens & Young, Philadelphia, Pa.
Hilbert P. Zarky	Mitchell, Silberberg & Knupp, Los Angeles, Calif.
Mortimer M. Caplin	Caplin & Drysdale, Washington, D.C.
Richard H. Austin	Richard H. Austin & Co., Detroit, Mich.
Robert E. Witschey	Witschey, Harman and White, Charleston, W. Va.
Peter Yosinoff	Public Accountant, Providence, R.I.
Bruce Greenfield	Bankers Securities Corporation, Wyncote, Pa.
Ream V. Miller	Shell Oil Co., New York, N.Y.
Nathaniel Goldfinger	AFL-CIO, Washington, D.C.
Vance N. Kirby	Northwestern University Law School, Chicago, Ill.

Comptroller of the Currency

ADVISORY COMMITTEE ON INTERNATIONAL BANKING

This Committee was formed on October 2, 1964, by the Comptroller of the Currency to provide the Comptroller with technical advice and suggestions which are essential to effective supervision of the international financial activities of national banks.

The members, which met in fiscal 1966 on May 3, were as follows:

Bentley G. McCloud, Jr. (Chairman)	Senior Vice President, The First National Bank of Chicago, Chicago, Ill.
Frederick Heldring (Vice Chairman)	Vice President, The Philadelphia National Bank, Philadelphia, Pa.
Roger E. Andersen	Senior Vice President, Continental Illinois National Bank and Trust Co., Chicago, Ill.

Alfred W. Barth	Executive Vice President, Chase Manhattan Bank, N.A., New York, N.Y.
J. Warren Olmsted	Executive Vice President, The First National Bank of Boston, Boston, Mass.
Wm. Walter Phelps, Jr.	Vice President, Mellon National Bank and Trust Co., Pittsburgh, Pa.
Roland Pierotti	Executive Vice President, Bank of America N.T. & S.A. San Francisco, Calif.
Walter B. Wriston	Executive Vice President, First National City Bank, New York, N.Y.

CONSULTING COMMITTEE OF BANK ECONOMISTS

On November 23, 1965, the Comptroller announced the appointment of a consulting committee of bank economists which includes seven national bank economists.

This Committee's function was to advise the Comptroller and his staff and work with the National Advisory Committee. The Committee's primary responsibility was to bring their specialized experience and technical knowledge to bear on current problems of banking policy and practice.

The members of this Committee, which met in the fiscal year 1966 on December 20, March 30, and June 14, were as follows:

William F. Butler (Chairman)	Vice President, Chase Manhattan Bank, N.A., New York City, N.Y.
John J. Balles	Vice President and Chief Economist, Mellon National Bank and Trust Co., Pittsburgh, Pa.
James M. Dawson	Vice President and Economist, The National City Bank of Cleveland, Cleveland, Ohio
Walter E. Hoadley, Jr.	Vice President and Economist, Bank of America, San Francisco, Calif.
Herbert E. Johnson	Vice President and Economist, Continental Illinois National Bank and Trust Co. of Chicago, Chicago, Ill.
Leif H. Olsen	Vice President in charge of Economics Department, First National City Bank, New York City, N.Y.
Leslie C. Peacock	Vice President and Economist, Crocker-Citizens National Bank, San Francisco, Calif.
Eugene C. Zorn, Jr.	Vice President and Economist, Republic National Bank of Dallas, Dallas, Tex.
William J. Korsvik	Vice President, The First National Bank of Chicago, Chicago, Ill.

INVESTMENT SECURITIES ADVISORY COMMITTEE

In 1962 the Comptroller of the Currency established the Investment Securities Advisory Committee. The purpose of the Committee was to advise the agency on matters pertaining to the regulations concerning investment securities.

Members of the Committee, who met in fiscal 1966 on July 28, were as follows:

John H. Perkins (Chairman)	Vice President, Continental Illinois National Bank and Trust Co. of Chicago, Chicago, Ill.
George E. Barnett	Vice President, First National City Bank, New York, N.Y.
Arthur H. Quinn, Jr.	Vice President, Philadelphia National Bank, Philadelphia, Pa.
William J. Wallace.	Vice President, Mellon National Bank and Trust Co., Pittsburgh, Pa.
Early F. Mitchell	Senior Vice President, First National Bank of Memphis, Memphis, Tenn.
Alan K. Browne	Vice President, Bank of America, San Francisco, Calif.
Robert Rivel	Senior Vice President, The Chase Manhattan Bank, N.A., New York, N.Y.
Lewis F. Lyne	Senior Vice President, Mercantile National Bank, Dallas, Tex.
Thomas L. Ray	Vice President, Mercantile Trust Co., St. Louis, Mo.

Wesley G. Schelke	Vice President, Seattle First National Bank, Seattle, Wash.
James G. Wilson	Vice President, The National Shawmut Bank, Boston, Mass.
Franklin Stockbridge	Vice President, Security First National Bank, Los Angeles, Calif.
Albert W. Gray	Vice President, Northwest Bankcorporation, Minneapolis, Minn.

NATIONAL ADVISORY COMMITTEE ON BANKING POLICIES AND PRACTICES

On October 4, 1965, the Comptroller of the Currency appointed this Committee, composed of 26 leading bankers. The Committee has participated in a cooperative effort to bring the thinking of the banking community to bear on the many matters of national concern in which the banking industry is vitally involved.

Meetings of this Committee were held in fiscal 1966 on December 6, March 30, and June 15, 1966, with the following members:

George S. Moore (Chairman)	President, First National City Bank, New York, N.Y.
Robert C. Baker	Chairman of the Board and President, American Security and Trust Co., Washington, D.C.
Henry T. Bodman	Chairman of the Board, National Bank of Detroit, Detroit, Mich.
George Champion	Chairman of the Board, The Chase Manhattan Bank, N.A., New York, N.Y.
Kenton R. Cravens	Chairman of the Board, Mercantile Trust Co., N.A., St. Louis, Mo.
Roger C. Damon	President, The First National Bank of Boston, Boston, Mass.
G. Morris Dorrance, Jr.	President, The Philadelphia National Bank, Philadelphia, Pa.
George S. Eccles	President, First Security Bank of Utah, N.A., Ogden, Utah
J. A. Elkins, Jr.	Chairman of the Board, First City National Bank of Houston, Houston, Tex.
John S. Fangboner	President, The National City Bank of Cleveland, Cleveland, Ohio
Sam M. Fleming	President, Third National Bank, Nashville, Tenn.
Robert D. H. Harvey	Vice Chairman of the Board and Chief Executive Officer, Maryland National Bank, Baltimore, Md.
William M. Jenkins	Chairman of the Board, Seattle-First National Bank, Seattle, Wash.
David M. Kennedy	Chairman of the Board, Continental Illinois National Bank and Trust Co. of Chicago, Chicago, Ill.
Mills B. Lane, Jr.	President, The Citizens and Southern National Bank, Atlanta, Ga.
Frederick G. Larkin, Jr.	President, Security First National Bank, Los Angeles, Calif.
Homer J. Livingston	Chairman of the Board, The First National Bank of Chicago, Chicago, Ill.
John A. Mayer	President, Mellon National Bank and Trust Co., Pittsburgh, Pa.
Carl G. McCraw	President, First Union National Bank of North Carolina, Charlotte, N.C.
Frank E. McKinney	Chairman of the Board, American Fletcher National Bank and Trust Co., Indianapolis, Ind.
J. E. Patrick	President, Valley National Bank of Arizona, Phoenix, Ariz.
R. A. Peterson	President, Bank of America National Trust and Savings Association, San Francisco, Calif.
Edward J. Ruetz	Chairman and President, Kenosha National Bank, Kenosha, Wis.

W. Harry Schwarzschild, Jr.	President, The Central National Bank, Richmond, Va.
Robert H. Stewart III	President, First National Bank in Dallas, Dallas, Tex.
Norfleet Turner	Chairman of the Board, First National Bank of Memphis, Memphis, Tenn.

REGIONAL ADVISORY COMMITTEES ON BANKING POLICIES AND PRACTICES

On November 11, 1965, the Comptroller of the Currency established 14 Regional Advisory Committees on Banking Policies and Practices to assist the agency in a continuing review aimed at keeping bank regulation abreast of the Nation's needs.

The Committees' membership and the dates of the regional meetings during fiscal 1966 follow:

Region 1 meeting dates—January 27 and April 7, 1966.

John Simmen (Chairman)	President, Industrial National Bank of Rhode Island, Providence, R.I.
H. L. Goodwin (Vice Chairman)	President, The First National Bank of Portsmouth, Portsmouth, N.H.
Benjamin Blackford	President, The State National Bank of Connecticut, Bridgeport, Conn.
David C. Hewitt	President, Hartford National Bank & Trust Co., Hartford, Conn.
Hubert H. Hauck	President, First National Bank of Portland, Portland, Maine
Edward L. Clifford	President, Worcester County National Bank, Worcester, Mass.
Joseph P. Healey	President, Middlesex County National Bank, Everett, Mass.
H. C. Owen, Jr.	President, The First National Bank of Attleboro, Attleboro, Mass.
Norman R. Vester	President, Security National Bank of Springfield, Springfield, Mass.
James E. Chandler	President, Indian Head National Bank, Nashua, N.H.
William M. Lockwood	President, Howard National Bank and Trust Co., Burlington, Vt.
L. H. Martin	President, The National Shawmut Bank of Boston, Boston, Mass.

Region 2 meeting dates—March 4 and June 3, 1966.

Robert G. Cowan (Chairman)	Chairman, National Newark and Essex Bank, Newark, N.J.
Walter M. Wilmshurst (Vice Chairman)	President, The St. Lawrence County National Bank, Canton, N.Y.
Alvan B. Fehn	President, The National Union Bank of Dover, Dover, N.J.
Elwood F. Kirkman	President, The Boardwalk National Bank, Atlantic City, N.J.
Horace G. Moeller	President, Haddonfield National Bank, Haddonfield, N.J.
Kingsbury S. Nickerson	President, The First National Bank of Jersey City, Jersey City, N.J.
W. E. Roosevelt	Chairman, The National State Bank, Elizabeth N.J.
Prentice J. Rodgers	Chairman of the Executive Committee, National Commercial Bank & Trust Co., Albany, N.Y.
E. Perry Spink	President, Liberty National Bank and Trust Company, Buffalo, N.Y.
Richard H. Stover	President, County National Bank, Middletown, N.Y.
Frederick Sundermann	President, National Bank of Westchester, White Plains, N.Y.
D. Victor Bornn	President, Virgin Islands National Bank, Charlotte Amalie, St. Thomas, V.I.

Region 3 meeting dates—March 30 and June 21, 1966.

Malcolm E. Lambing (Chairman).	President, Pittsburgh National Bank, Pittsburgh, Pa.
Albert L. Rasmussen (Vice Chairman).	President, The Warren National Bank, Warren, Pa.
Morris H. Baker	President, County National Bank of Montrose, Montrose, Pa.
Wilbur A. Bankert	President, Adams County National Bank, Littlestown, Pa.
Charles H. Bracken	President, Marine National Bank, Erie, Pa.
William B. Brosius	President, National Bank of Chester County and Trust Co., West Chester, Pa.
Russell E. Gardner	President, The Hanover National Bank of Wilkes-Barre, Wilkes-Barre, Pa.
Robert Y. Garrett, Jr.	President, Lancaster County Farmers National Bank, Lancaster, Pa.
Frank E. Hemelright	President Northeastern Pennsylvania National Bank and Trust Co., Scranton, Pa.
William G. Foulke	President, Provident National Bank, Philadelphia, Pa.
George L. Morrison, Jr.	President, The Harrisburg National Bank and Trust Co., Harrisburg, Pa.
James B. Grieves	President, The Union National Bank of Pittsburgh, Pittsburgh, Pa.

Region 4 meeting dates—February 3 and April 29, 1966.

Fred A. Dowd (Chairman)	Chairman, The First National Bank of Cincinnati, Cincinnati, Ohio
L. L. Murphy (Vice Chairman)	Chairman, Calumet National Bank of Hammond, Hammond, Ind.
W. C. Laycock	Chairman, Fort Wayne National Bank, Fort Wayne, Ind.
Wilson Mothershead	Chairman, The Indiana National Bank of Indianapolis, Indianapolis, Ind.
M. C. Oberhelman	President, The Citizens National Bank of Evansville, Evansville, Ind.
Thomas G. Bartlett	President, The Owensboro National Bank, Owensboro, Ky.
O. T. Dorton	President, Citizens National Bank, Paintsville, Ky.
LeRoy M. Miles	President, First Security National Bank and Trust Co., Lexington, Ky.
Deroy Scott	President, First National Lincoln Bank of Louisville, Louisville, Ky.
John W. Alford	President, Park National Bank, Newark, Ohio
Harland E. Paige	President, First National Bank of Akron, Akron, Ohio
L. A. Stoner	President, The Ohio National Bank of Columbus, Columbus, Ohio

Region 5 meeting dates—January 27 and April 28, 1966.

W. Wright Harrison (Chairman)	President, Virginia National Bank, Norfolk, Va.
William S. Jenkins (Vice Chairman)	President, The First-Second National Bank and Trust Co., Cumberland, Md.
Barnum L. Colton	President, The National Bank of Washington, Washington, D.C.
Adrian L. McCardell	President, First National Bank of Maryland, Baltimore, Md.
Warren H. Lasher	President, American National Bank of Maryland, Silver Spring, Md.
Archie W. McLean	President, The Planters National Bank and Trust Co., Rocky Mount, N.C.
J. Phillips Coleman	President, First and Merchants National Bank, Richmond, Va.
S. Thomas Cox	President, The First National Bank, Altavista, Va.
Walter J. O'Donnell	President, First National Bank of Arlington, Arlington, Va.

D. Sterling Diddle	Chairman and President, The Guaranty National Bank of Huntington, Huntington, W. Va.
Paul Hinkle	President, The Charleston National Bank, Charleston, W. Va.
H. H. Meyn	President, Security National Bank and Trust Co., Wheeling, W. Va.

Region 6 meeting date—March 9, 1966.

James D. Robinson, Jr. (Chairman)	Chairman, The First National Bank of Atlanta, Atlanta, Ga.
J. E. Bryan	President, Union Trust Co., N.A., St. Petersburg, Fla.
W. A. Hobbs, Jr.	President, First National Bank of Pompano Beach, Pompano Beach, Fla.
E. W. Johnson	President, First National Bank of Tampa, Tampa, Fla.
Edward W. Lane, Jr.	President, The Atlantic National Bank of Jacksonville, Jacksonville, Fla.
Godfrey Smith	President, Capital City First National Bank of Tallahassee, Tallahassee, Fla.
J. W. Blackmon	President, First National Bank, Columbus, Ga.
G. E. Patterson	President, The Liberty National Bank & Trust Co. of Savannah (Trust Co. of Georgia), Savannah, Ga.
W. T. Maddox	Executive Vice President, National Bank of Rome, Rome, Ga.
Hugh C. Lane	Chairman, The Citizens & Southern National Bank of South Carolina, Charleston, S.C.
W. W. McEachern	Chairman, The South Carolina National Bank, Greenville, S.C.

Region 7 meeting dates—February 2 and May 4, 1966.

Rolan A. Mewhort (Chairman)	President, Manufacturers National Bank of Detroit, Detroit, Mich.
Leroy E. Liljedahl (Vice Chairman)	President, American National Bank & Trust Co., Rockford, Ill.
John H. Crocker	Chairman, The Citizens National Bank of Decatur, Decatur, Ill.
J. C. Hauser	President, Belleville National Savings Bank, Belleville, Ill.
George L. Luthy	Chairman, Commercial National Bank of Peoria, Peoria, Ill.
Harold Meidell	Chairman, LaSalle National Bank, Chicago, Ill.
Charles Z. Meyer	Chairman, Upper Avenue National Bank of Chicago, Chicago, Ill.
William H. Patton	President, The First National Bank of Springfield, Springfield, Ill.
D. P. Stone	Chairman, The First National Bank of Peoria, Peoria, Ill.
H. A. Jacobson	President, American National Bank & Trust Co. of Kalamazoo, Kalamazoo, Mich.
Howard J. Stoddard	Chairman, Michigan National Bank, Lansing, Mich.
P. R. Wilkinson	President, The National Lumbermans Bank of Muskegon, Muskegon, Mich.

Region 8 meeting dates—February 2 and May 25, 1966.

W. W. Campbell (Chairman)	Chairman, First National Bank of Eastern Arkansas, Forrest City, Ark.
Nat S. Rogers (Vice Chair- man)	President, Deposit Guaranty National Bank & Trust Co., Jackson, Miss.
John A. Hand	President, The First National Bank of Birmingham, Birmingham, Ala.
Frank Plummer	President, The First National Bank of Montgomery, Montgomery, Ala.
Albert Rains	Chairman, City National Bank of Gadsden, Gadsden, Ala.

Earl L. McCarroll	President, Union National Bank, Little Rock, Ark.
Keehn W. Berry	President, Whitney National Bank of New Orleans, New Orleans, La.
Charles W. McCoy	President, Louisiana National Bank of Baton Rouge, Baton Rouge, La.
A. David Califf	President, First National Bank of Clarksdale, Clarksdale, Miss.
Frank B. Caldwell	Chairman, Second National Bank of Jackson, Jackson, Tenn.
H. S. Walters	Chairman, Hamilton National Bank, Morristown, Tenn.
Walter W. Schroeder	President, The First National Bank of Lafayette, Lafayette, La.

Region 9 meeting dates—January 27 and May 24, 1966.

Joseph R. Hartz (Chairman)	President, The First National Bank of Stevens Point, Stevens Point, Wis.
A. M. Eriksmoen (Vice Chairman)	President, The Dakota National Bank of Fargo, Fargo, N. Dak.
John A. Moorhead	President, Northwestern National Bank of Minneapolis, Minneapolis, Minn.
Ora G. Jones, Jr.	President, The Goodhue County National Bank of Red Wing, Red Wing, Minn.
C. Glenn Rye	President, Northern City National Bank of Duluth (First Banstock Corp.), Duluth, Minn.
Mrs. E. A. Nachtwey	President, First National Bank, Dickinson, N. Dak.
Fred R. Orth	President, First National Bank in Grand Forks, Grand Forks, N. Dak.
A. E. Dahl	Chairman, American National Bank & Trust Co., Rapid City, S. Dak.
C. C. Lind	President, First National Bank of Aberdeen (Northwest Bancorporation) Aberdeen, S. Dak.
Thomas P. Hudson	President, First American National Bank of Wausau, Wausau, Wis.
Richard J. Lewis	President, The American National Bank & Trust Co., Eau Claire, Wis.
John M. Rose	President, Kellogg-Citizens National Bank of Green Bay, Green Bay, Wis.

Region 10 meeting dates—January 24 and April 18, 1966.

John B. Mitchell (Chairman)	President, First National Bank in St. Louis, St. Louis, Mo.
Charles Young (Vice Chairman)	President, The City National Bank & Trust Co. of Kansas City, Kansas City, Mo.
Calvin W. Aurand	President, Iowa-Des Moines National Bank, Des Moines, Iowa
R. L. Kilgore	President, National Bank of Waterloo, Waterloo, Iowa
Robert Bunten	Chairman and President, The Merchants National Bank of Topeka, Topeka, Kans.
Clarence Coleman	President, Union National Bank of Wichita, Wichita, Kans.
B. L. Lohmuller	President, The First National Bank of Centralia, Centralia, Kans.
Nation Meyer	President, The First National Bank, Hutchinson, Kans.
L. R. Reynolds, Jr.	President, First National Bank of Joplin, Joplin, Mo.
James B. Cooper	President, Plainview National Bank, Plainview, Nebr.
Morris F. Miller	President, The Omaha National Bank, Omaha, Nebr.
Burnham Yates	President, First National Bank and Trust Co., Lincoln, Nebr.

Region 11 meeting dates—February 17 and May 15, 1966.

T. C. Frost, Jr. (Chairman)	President, Frost National Bank, San Antonio, Tex.
W. H. McDonald (Vice Chairman)	President, The First National Bank & Trust Co. of Oklahoma City, Oklahoma City, Okla.
F. G. McClintock	President, The First National Bank & Trust Co. of Tulsa, Tulsa, Okla.
Ford Simmons	President, Exchange National Bank & Trust Co., Ardmore, Okla.
J. D. Wilkinson	President, Commercial National Bank of Muskogee, Muskogee, Okla.
James W. Aston	President, Republic National Bank of Dallas, Dallas, Tex.
Joseph F. Irvin	President, Southwest National Bank of El Paso, El Paso, Tex.
George G. Matkin	President, The State National Bank of El Paso, Tex.
Leon Stone	President, The Austin National Bank, Austin, Tex.
William Thomas, Jr.	President, Riverside National Bank, Houston, Tex.
Oliver Howard	President, Citizens National Bank of Abilene, Abilene, Tex.
Joe B. Wolverton	President, The First Wichita National Bank, Wichita Falls, Tex.

Region 12 meeting date—February 24, 1966.

Melvin J. Roberts (Chairman)	President, Colorado National Bank of Denver, Denver, Colo.
Frank O. Papen (Vice Chairman)	President, The First National Bank of Donna Ana County, Las Cruces, N. Mex.
Robert D. Williams	President, First National Bank of Arizona, Phoenix, Ariz.
J. D. Ackerman	Chairman and President, Exchange National Bank of Colorado Springs, Colorado Springs, Colo.
Robin B. Bailey	President, The First National Bank of Pueblo, Pueblo, Colo.
R. K. Schumann	President, West Greely National Bank, West Greely, Colo.
W. M. Gallaway	President, Farmington National Bank, Farmington, N. Mex.
Roy W. Simmons	President, Zions First National Bank of Salt Lake City, Salt Lake City, Utah
Del Crouse	President, American National Bank of Riverton, Riverton, Wyo.
Jackson F. King	President, The First National Bank of Casper, Casper, Wyo.
A. H. Trautwein	President, Cheyenne National Bank, Cheyenne, Wyo.

Region 13 meeting dates—January 26 and June 9, 1966.

William E. Irvin (Chairman)	President, The Idaho First National Bank, Boise, Idaho
Baker Ferguson (Vice Chairman)	President, The Baker-Boyer National Bank of Walla Walla, Walla Walla, Wash.
D. H. Cuddy	President, The First National Bank of Anchorage, Anchorage, Alaska.
L. A. Frazier	President, Fidelity National Bank of Twin Falls, Twin Falls, Idaho
Forrest C. Hedger	President, The Great Falls National Bank, Great Falls, Mont.
John E. Tenge	President, Midland National Bank of Billings, Billings, Mont.
Theodore Jacobs	Chairman, The First National Bank of Missoula, Missoula, Mont.

C. Henri Labbe	President, Great Western National Bank, Portland, Ore.
Maxwell Carlson	President, National Bank of Commerce of Seattle, Seattle, Wash.
James E. Phillips	President, First National Bank in Port Angeles, Port Angeles, Wash.
Dewitt Wallace	President, Old National Bank of Washington, Spokane, Wash.
E. J. Kalar	President, U.S. National Bank of Oregon, Portland, Ore.

Region 14 meeting dates—December 28, 1965, and April 1, 1966.

Ralph V. Arnold (Chairman)	Chairman and President, First National Bank & Trust Co., Ontario, Calif.
Dan E. Dorman (Vice Chairman)	President, First National Bank of Hawaii, Honolulu, Hawaii
Charles de Bretteville	President, Bank of California, N.A., San Francisco, Calif.
Charles E. Harris	President, Humboldt National Bank, Eureka, Calif.
Alfred Hart	President, City National Bank, Beverly Hills, Calif.
Jacob Shemano	Chairman and President, Golden Gate National Bank, San Francisco, Calif.
M. A. Ruderman	Chairman, Palm Springs National Bank, Palm Springs, Calif.
Joseph Rogers	President, The First National Bank of San Jose, San Jose, Calif.
Howard L. Sargent	President, Santa Barbara National Bank, Santa Barbara, Calif.
C. Arnholt Smith	Chairman and President, U.S. National Bank, San Diego, Calif.
George L. Woodford Jr.	President, Newport National Bank, Newport Beach, Calif.
H. S. Gorman	President, First National Bank of Nevada, Reno, Nev.

U.S. Coast Guard

CHEMICAL TRANSPORTATION ADVISORY PANEL

This Panel, established on May 4, 1949, acts as an advisory body on matters concerned with the bulk transportation of chemicals or hazardous cargo. Such expert advice from industry is mandatory to keep current and effective the dangerous cargo, tank vessel, cargo, and other associated regulations promulgated and enforced by the Coast Guard.

Membership of the Panel, which met in fiscal 1966 on March 15, 1966, follows:

Oliver E. Beutel, Chairman	Manager, Distribution and Traffic, The Dow Chemical Company, Midland, Mich.
G. H. Mayhood, Secretary	Transportation Engineer, Manufacturing Chemists' Association, Inc., Washington, D.C.
Commander Eric Grundy, USCG, Liaison Officer	Chief, Chemical Engineering Branch, Merchant Marine Technical Division, USCG Headquarters, Washington, D.C.
George R. Benz	Consultant, Engineering Department, Phillips Petroleum Company, Bartlesville, Okla.
G. W. Feldman	Senior Distribution Engineer, Development Division, Traffic Department, E. I. du Pont de Nemours and Co., Wilmington, Del.
Captain G. C. Steinman, USCG (Ret.)	Vice President, Breit Engineering, Inc., New Orleans, La.
J. R. Black	Operations, Nilo Barge Lines, St. Louis, Mo.
J. C. Clarke	Vice President, Marine Transport Lines, Inc., New York, N.Y.
R. W. Krieger	President, Jeffersonville Boat and Machine Co., Jeffersonville, Ind.
T. J. Lengyel	Assistant Manager, Marine Department, Shell Oil Co., New York, N.Y.
R. B. Mitchell	Chemical Carriers, Inc., New York, N.Y.

T. W. Rodes	Plant Superintendent, Union Carbide Chemical Co., Carteret, N.J.
George P. Jacobson	Assistant Manager, Marine Transportation, Allied Chemical Corp., New York, N.Y.
Albert N. Narter	Principal Surveyor, American Bureau of Shipping, New York, N.Y.
R. T. Williams } J. B. Muir }	Project Engineer, Marine Division, Humble Oil and Refining Co., Houston, Tex.
James E. Weaver	Manager of Transportation, Pittsburgh Plate Glass Co., Pittsburgh, Pa.
R. J. Wheeler	Manager, Marine Transportation, Phillips Petroleum Co., Bartlesville, Okla.
Ex Officio Members:	
M. F. Crass, Jr.	Secretary-Treasurer, Manufacturing Chemists' Association, Inc., Washington, D.C.
E. A. Olson	Secretary-Treasurer, Compressed Gas Association, Inc., New York, N.Y.
B. H. Lord, Jr.	Director, Division of Transportation, American Petroleum Institute, Washington, D.C.
Robert L. Mitchell, Jr.	Secretary-Treasurer, The Chlorine Institute, Inc., New York, N.Y.

NATIONAL OFFSHORE OPERATIONS PANEL

This Panel was established on December 15, 1959, to advise the U.S. Coast Guard on matters related to the highly specialized construction and operation of geophysical survey vessels, drilling platforms, and associated vessels and barges. Members of the Panel, which met in fiscal 1966 on August 4 and 5, were as follows:

R. T. Sessums, Chairman	Vice President, Freeport Sulphur Co., New Orleans, La.
H. E. Denzler, Jr., Secretary	Assistant to Vice President, Chevron Oil Company, New Orleans, La.
E. E. Clark	Area Superintendent, Phillips Petroleum Co., Santa Barbara, Calif.
O. L. Furse	Regional Production Manager, Southeast Esso Region, New Orleans, La.
W. H. LeGrand	District Production Manager, Gulf Oil Corp., New Orleans, La.
R. N. Crews	Vice President, J. Ray McDermott and Co., Inc., New Orleans, La.
R. E. France	Producing Department, Southern Division, Standard Oil Co. of California, Western Operations, Inc., La Habra, Calif.
James W. Greely	Kerr-McGee Oil Industries, Inc., Oklahoma City, Okla.
W. H. Henderson	Chairman, Gulf Offshore Marine Service Association, New Orleans, La.
Donald S. Hare	Vice President, Drilling and Production, Pauley Petroleum Inc., Los Angeles, Calif.
W. M. House	Division Manager, Signal Oil and Gas Co., Los Angeles, Calif.
M. E. Lundfelt	Assistant General Manager, Marine Department, Texaco, Inc., New York, N.Y.
J. W. Pittman	Manager Production Department, Shell Oil Co., New Orleans, La.
R. O. Pollard	Manager, Production Department, Richfield Oil Co., Long Beach, Calif.
G. S. Young, Jr.	Producing Superintendent, Mobil Oil Co., Lafayette, La.
M. S. Kendrick	Regional Manager, Continental Oil Co., Houston, Tex.

OIL POLLUTION PANEL

The Oil Pollution Panel, established on August 3, 1954, acts as an advisory body on pollution problems and obtains views as to means of eliminating the oil pollution of the seas and seacoast. All members are directly connected with the operation of commercial vessels.

The members of the Panel, who met in fiscal 1966 on October 28, 1965, follow:

Mr. F. C. Grant, Chairman	General Operating Manager, United States Lines Co., New York, N.Y.
Capt. A. H. Stephens, Vice Chairman	Manager, Operations, California Shipping Co., San Francisco, Calif.
Capt. Herbert S. Brewster, Vice Chairman	Director of Operations, Marine Department, Gulf Oil Corp., New York, N.Y.
Capt. Richard J. Anderson	Assistant Vice President, Operations, Prudential Lines, Inc., New York, N.Y.
Mr. A. Bacols	Marine Superintendent, Isthmian Lines Inc., New York, N.Y.
Capt. Gordon F. Beal	Marine Superintendent, United Fruit Co., New York, N.Y.
Capt. S. Blackledge	Vice President, American Export and Isbrandtsen Lines, New York, N.Y.
Capt. F. L. Hooper	Port Captain, Humble Oil and Refining Co., Houston, Tex.
Mr. William Dignes	Port Engineer, Farrell Lines, Inc., New York, N.Y.
Capt. T. Fender	Marine Superintendent, Inland Waterways Operations, Socony Mobil Oil Co., Inc., New York, N.Y.
Capt. George Larimer	Port Captain, Sun Oil Co., Marcus Hook, Pa.
Mr. B. H. Lord, Jr., Secretary	Director, Division of Transportation, American Petroleum Institute, Washington, D.C.
Mr. H. F. Munroe	American President Lines, San Francisco, Calif.
Mr. J. E. Brooks	Assistant Manager, Operations, Texaco Inc. New York, N.Y.
Capt. Ben M. Perkins	Port Captain, States Steamship Co., San Francisco, Calif.
Capt. C. D. Phillips	Manager of Operations, Ocean Tanker Department, The American Oil Co., New York, N.Y.
Capt. Norman Short	Assistant Director of Engineering, Grace Line, Inc., New York, N.Y.
Capt. Corben C. Shute, USN (Ret.)	Superintendent, Operating Section, Marine Division, Atlantic Refining Co., Philadelphia, Pa.
Capt. C. C. Williams	Manager, Operating Department, Keystone Shipping Co., Philadelphia, Pa.

PORT ADVISORY COUNCILS

Port Advisory Councils provide a forum for discussion and interpretation of Coast Guard policies and directives, thereby furthering cooperation. The Councils, representing the various port interests, also furnish advice and information to Coast Guard authorities. Three of these councils held meetings during fiscal 1966. The lists of members and dates of meetings for these advisory groups, New Orleans, La., Corpus Christi, Tex., and Houston, Tex., follow.

PORT ADVISORY COUNCIL, NEW ORLEANS, LOUISIANA

This advisory council, founded in 1960, met every two months during fiscal 1966. Its membership follows:

Forsee "Jack" Estes, Chairman	P.O. Box 23134, Point Landing, Inc., New Orleans, La.
W. S. Smith, Co-Chairman	524 Hibernis Bldg., T. Smith & Son, Inc., New Orleans, La.
Capt. E. B. Hendrix, 2d Co-Chairman	Lykes Bros. Steamship Co., P.O. Box 50998, New Orleans, La.
Capt. B. R. Henry, USCG, Secretary	Captain of the Port, USCG, 1201 Lakeshore Drive, New Orleans, La.
Capt. C. L. Spicer	P.O. Box 50250, Delta Steamship Co., New Orleans, La.

Capt. T. L. Lewis	Deputy Port Director, Board of Commissioners, P.O. Box 60046, New Orleans, La.
Henry R. Rauber	Safety Officer, Board of Commissioners, Port of New Orleans, P.O. Box 60046, New Orleans, La.
Harry J. Rome	Superintendent of Docks, Board of Commis- sioners, Port of New Orleans, P.O. Box 60046, New Orleans, La.
Capt. E. J. Worrel, Jr., USCG	Marine Inspection Office, USCG Room 310, Custom House, New Orleans, La.
A. J. Heyd	Superintendent, New Orleans Fire Department, 317 Decatur Street, New Orleans, La.
E. J. O'Brien	Asst. Superintendent, New Orleans Fire De- partment, 317 Decatur Street, New Orleans, La.
G. D. Summers	Deputy Superintendent, New Orleans Fire De- partment, 317 Decatur Street, New Orleans, La.
Otis M. Jernigan	Army Engineer District, New Orleans, Corps of Engineers, P.O. Box 60267, New Orleans, La.
Capt. R. E. McNeeley	Crescent River Pilots Assn., 1417 Whitney Bldg., New Orleans, La.
Capt. S. K. Sprada	N. O.-Baton Rouge Pilots Assn., Room 304, Cigali Bldg., New Orleans, La.
Sam Giallanza	Vice President, N. O. Steamship Assn., 219 Carondelet Street, New Orleans, La.
McVey F. Ward	American Waterways, Operators, Inc., 435 Whitney Bldg., New Orleans, La.
H. E. Denzler, Jr.	Production Engineer, The California Co., Calif- ornia Bldg., New Orleans, La.
B. C. Weaver	Bureau of Explosives, 909 Walker Street, New Orleans, La.
Maj. Gen. Raymond Hufft	Bureau of Customs, Room 233, Custom House, New Orleans, La.
Claude E. Blancq, Jr.	Bureau of Customs, Room 200, Custom House, New Orleans, La.
H. L. LeBlanc	Bureau of Customs, Room 229, Custom House, New Orleans, La.
Capt. Henry B. Dunlap	La. Civil Defense Agency, Bldg. 309A, Area B, Jackson Barracks, New Orleans, La.
Louis C. LaCour	U.S. Attorney, 400 Royal Street, New Orleans, La.
Professor A. Lee Dunlap	Chairman, Fire Prevention, 935 Pine Street, New Orleans, La.
David Fontaine, Jr.	Fire Prevention Bureau, Room 7W11, City Hall, New Orleans, La.

PORT ADVISORY COUNCIL, CORPUS CHRISTI, TEXAS

Established in March 1960, this advisory group, consisting of the following members, holds regular monthly meetings.

Duane Orr, Chairman	Navigation District Engineer, P.O. Box 1541, Corpus Christi, Tex.
Capt. Herbert Weeks	Texas Highway Patrol, P.O. Box 5277, Corpus Christi, Tex.
John Mitchell	Sheriff, P.O. Box 1940, Corpus Christi, Tex.
Col. Earl Bunn	Director, Civil Defense, City Hall, P.O. Box 1622, Corpus Christi, Tex.
Reuben Traynham	Deputy Collector, U.S. Customs, P.O. Box 1027, Corpus Christi, Tex.
Cdr. W. M. Flenniken, USN	Security Officer, c/o U.S. Naval Air Station, Corpus Christi, Tex.
Jack Graham	Public Works, P.O. Box 1622, Corpus Christi, Tex.
C. R. Kuss	Central Power & Light Co., 120 N. Shoreline, Corpus Christi, Tex.
Ray Grandy	Patrolman, National Maritime Union, 2907 N. Shoreline, Corpus Christi, Tex.

H. E. Ammerman	Mgr. Corpus Christi Refinery Terminal Fire Company, P.O. Box 4162, Corpus Christi, Tex.
Cdr. W. A. Mayberry, USCG	101 Federal Building, Corpus Christi, Tex.
R. T. Runyan	Chief of Police, P.O. Box 150, Corpus Christi, Tex.
John Carlisle	Fire Chief, 1401 Morgan Street, Corpus Christi, Tex.

PORT ADVISORY COUNCIL, HOUSTON, TEXAS

This advisory council, organized on March 26, 1959, held monthly meetings during fiscal 1966. Its membership follows:

Mr. B. H. Moore	Airfilter, Inc, 915 World Trade Bldg., Houston, Tex.
Capt. R. L. Wynne	American Institute of Marine Underwriters, RM7, Cotton Exch. Bldg., Houston, Tex.
Mr. H. Anderson, Sr.	Anderson Petroleum Transport Co., P.O. Box 12513, Houston, Tex.
Mr. Robert A. Feltner	Attorney at Law, 914 World Trade Bldg., Houston, Tex.
Mr. J. E. Ross	Attorney at Law, 1817 Chamber of Commerce Bldg., Houston, Tex.
Mr. F. V. Thompson	Biehl Steamship Co., World Trade Bldg., Houston, Tex.
Mr. F. Van Heuten	Biehl Steamship Co., World Trade Bldg., Houston, Tex.
Mr. W. R. George	Bloomfield Steamship Co., Cotton Exch. Bldg., Houston, Tex.
Mr. J. L. Henderson	Champion Paper Co., P.O. Box 872, Pasadena, Tex.
Mr. R. C. Bredehoeft	City of Houston, 1020 Bagby, Houston, Tex.
Mr. W. O. Hunter	City of Houston, 1020 Bagby, Houston, Tex.
Mr. H. E. Short	City of Houston, 61 Reisner, Houston, Tex.
Mr. R. J. Edwards	Coast Guard Auxiliary, P.O. Box 66689, Houston, Tex.
Cdr. J. E. Fleming, USCG	Coast Guard Houston Station, P.O. Box 446, Galena Park, Tex.
Capt. G. W. Walker, USCG	U.S. Coast Guard Marine Inspection Office, 7300 Wingate, Houston, Tex.
Cdr. W. T. Smith	U.S. Coast Guard, (Ret.), 6663 Fairfield Dr. Houston, Tex.
Mr. Elmo Johnson	Diamond Alkali, P.O. Box 686, Pasadena, Tex.
Mr. H. Cunningham	Ethyl Corp., P.O. Box 472, Pasadena, Tex.
Mr. J. E. Mills	Fire Prevention and Engineering Bureau, Suite 204, 2903 Richmond, Houston, Tex.
Mr. R. A. Wilson	Funch, Edye and Co., Inc., Houston, Tex.
Mr. B. Alford	General American Tank Storage Co., P. O. Box 486, Galena Park, Tex.
Mr. A. V. Riemer	General American Tank Storage Co., Galena Park, Tex.
Mr. R. G. Esterlein	G. & H. Towing, P.O. Box 5336, Houston, Tex.
Mr. David Wilson	G & H Towing, 509 Texas Bldg., Galveston, Tex.
Mr. R. S. Reid	Hansen & Tidemann, Inc., 1312 Texas Ave., Houston, Tex.
Mr. H. V. Conroy	Harris County Defense and Disaster Relief, 413 Civil Courts Bldg., Houston, Tex.
Mr. J. M. Rodden	Harris County Defense and Disaster Relief, 413 Civil Courts Bldg., Houston, Tex.
Mr. C. E. Bullock	Harris County Navigation District, P.O. Box 2562, Houston, Tex.
Mr. C. L. Shuptrine	Harris County Navigation District, P.O. Box 2562, Houston, Tex.
Mr. J. P. Turner	Harris County Navigation District, P.O. Box 2562, Houston, Tex.
Mr. V. D. Williams	Harris County Navigation District, P.O. Box 2562, Houston, Tex.
Capt. Bob Leonard	Harris County Sheriffs Department, 300 Fannin, Houston, Tex.

Mr. W. R. Jameson	Hess Terminals, P.O. Box 52, Galena Park, Tex.
Mr. B. K. Parker, Jr.	Houston Barge Lines, Inc., P.O. Box 26617, Houston, Tex.
Mr. W. F. Arnett	Houston Maritime Association, 510 Cotton Exch. Bldg., Houston, Tex.
Capt. John Niday	Houston Pilots, 6302 Gulf Freeway, Houston, Tex.
Mr. L. J. Fentiman	Humble Oil and Refining Co., 508 Whiting, Baytown, Tex.
Mr. F. L. Hooper	Humble Oil and Refining Co., P.O. Box 1512, Houston, Tex.
Mr. T. J. McTaggart	Humble Oil and Refining Co., P.O. Box 1512, Houston, Tex.
Mr. H. C. Board	International Longshoremen's Association, 7524 Avenue N, Houston, Tex.
Mr. W. G. Wells	International Longshoremen's Association, 7811 Harrisburg, Houston, Tex.
Capt. K. H. Eitzen	Keystone Shipping Co., 2407 Sieber, Houston, Tex.
Mr. J. H. Branard	Long Reach Docks, P.O. Box 2588, Houston, Tex.
Capt. J. E. Baker	Lykes Brothers Steamship Co., P.O. Box 1243, Houston, Tex.
Mr. A. W. Lott	Lykes Brothers Steamship Co., P.O. Box 1243, Houston, Tex.
Mr. Lee Throgmorton	Lykes Brothers Steamship Co., P.O. Box 1243, Houston, Tex.
Mr. H. Heard	Manchester Terminal Corp., P.O. Box 52278, Houston, Tex.
Mr. H. C. Hix	Manchester Terminal Corp., P.O. Box 52278, Houston, Tex.
Mr. L. L. Beal	Marine Office of America, 811 Westheimer, Houston, Tex.
Mr. Hardin Ellis	Marine Office of America, 811 Westheimer, Houston, Tex.
Mr. V. P. Piana	Phillips Petroleum Co., P.O. Box 792, Pasadena Tex.
Mr. W. D. Farnsworth	National Cargo Bureau, 903 World Trade Bldg., Houston, Tex.
Mr. T. J. Bryant	Port Houston Shipyards, Inc., P.O. Box 2065, Houston, Tex.
Mr. Russel Brierly	Rutherford & Brierly Marine Surveyors, 8102 DeLeon, Houston, Tex.
Mr. H. C. Blaylock	Shell Oil Co., P.O. Box 100, Deer Park, Tex.
Mr. L. Grossheim	Shell Oil Co., P.O. Box 100, Deer Park, Tex.
Mr. R. K. Perkins	Signal Oil Co., P.O. Box 5008, Houston, Tex.
Capt. C. Rykiel	Sinclair Refining Co., P.O. Box 2451, Houston, Tex.
Mr. Ray Garrigus	Tenneco Manufacturing Co., P.O. Box 2511, Houston, Tex.
Mr. John Byrnes }	
Mr. P. E. Kuntz	Texas Transport and Terminal Co., Inc., 711 Fannin, Houston, Tex.
Mr. O. D. Nesmith	United States Army Engineers, P.O. Box 1229, Galveston, Tex.
Col. J. E. Unverferth	United States Army Engineers, P.O. Box 1229, Galveston, Tex.
Mr. E. G. White	U.S. Department of Labor, 515 Rusk, Houston, Tex.
Mr. W. H. McNeil	U.S. Gypsum Co., P.O. Box 25, Galena Park, Tex.
Mr. J. F. Kanapaux	U.S. Salvage Association, 3400 Montrose, Houston, Tex.
Mr. F. T. Fendley, Jr.	W. D. Haden Company, P.O. Box 5217, Houston, Tex.
Mr. William Robb	Young & Co., 1402 70th Street, Houston, Tex.

SHIP STRUCTURE COMMITTEE

This Committee was established by memorandum dated July 26, 1946, from the Secretary of the Treasury to the Commandant of the U.S. Coast Guard.

The functions of the Committee are to conduct a research program to improve the hull structures of ships and to integrate and interpret the results to all member agencies. This information is then distributed to all persons interested in the building and operating of ships.

Members of the Committee, which met in fiscal 1966 on May 25, 1966, follows:

Rear Admiral John B. Oren, USCG, Chairman	Chief, Office of Engineering, USCG Headquarters, Washington, D.C.
Captain W. M. Nicholson USN	Naval Ship Engineering Center, Navy Department, Washington, D.C.
Captain P. E. Shetenhelm, USN	Maintenance and Repair Officer, MSTs, Navy Department, Washington, D.C.
E. M. MacCutcheon	Chief, Office of Research and Development, Maritime Administration, Department of Commerce, Washington, D.C.
D. B. Bannerman, Jr.	Vice President, American Bureau of Shipping, New York, N.Y.
Lt. Cdr. Richard Nielsen, Jr., USCG	Technical Staff, Office of Engineering, USCG Headquarters, Washington, D.C.

U.S. LOAD LINES COMMITTEE

The U.S. Load Lines Committee, established on August 20, 1958, is assisting in the preparation of the U.S. position on load line matters for an international conference on revisions to the International Load Line Convention, 1930. The Committee, appointed by the Commandant, consists of members nominated by groups from the shipping industry as well as representation from allied Government agencies. This advisory group, made up of the members listed below, met in fiscal 1966 on December 9 and 28, January 13, and February 23.

David B. Bannerman, Jr., Chairman	Vice President-Technical, American Bureau of Shipping, New York, N.Y.
Cdr. L. W. Goddu, USCG, Administrative Secretary	USCG Headquarters, Washington D.C.
Captain David Baer	Association of American Ship Owners, Assistant Vice President, Maritime Overseas Corp., New York, N.Y.
William A. Baker	Shipbuilders Council of America, 10 Rice Street, Hingham, Mass.
K. W. Ingraham	Pacific American Tankship Association, Operations Manager, California Shipping Co., Perth Amboy, N.J.
A. I. Cooperman	Environmental Science Services Administration, Suitland, Md.
D. A. Groh	Lake Carriers' Association, Interlake Steamship Co., Cleveland, Ohio
Ralston Hayden	American Bureau of Shipping, New York, N.Y.
C. E. Hock	Military Sea Transportation Service, Deputy Head, Maintenance and Repair Office, Department of the Navy, Washington, D.C.
D. L. Butts	American Merchant Marine Institute, Naval Architect, Marine Department, Texaco, Inc., New York, N.Y.
C. R. Jones	Pacific American Steamship Association, Assistant Operations Manager, Weyerhaeuser Steamship Co., New York, N.Y.
Hubert Kempel	Military Sea Transportation Service, Head, Technical Branch, Department of the Navy, Washington, D.C.
Wiley E. Magee	U.S. Coast Guard, Chief, Hull Scientific Branch, USCG Headquarters, Washington, D.C.
Charles I. Bevans	Assistant Legal Advisor for Treaty Affairs, Department of State, Washington, D.C.
Capt. H. R. Bishop	Executive Vice President, National Cargo Bureau, New York, N.Y.
Rudolph Schaefer	ESSO International, Inc., Tanker Department, New York, N.Y.

John P. Tebeau	Bureau of Customs, Director, Division of Marine & Transportation Rulings, Treasury Department, Washington, D.C.
H. C. Moore	Vice President, Moran Towing and Transportation Co., New York, N.Y.
B. A. Lord	American Petroleum Institute, Director, Division of Transportation, Washington, D.C.
J. B. Robertson, Jr.	U.S. Coast Guard, Technical Assistant to Chief, MMT Division, USCG Headquarters, Washington, D.C.
E. Scott Dillon	Maritime Administration, Department of Commerce, Washington, D.C.
R. T. Cunningham	American Merchant Marine Institute, New York, N.Y.
C. S. Smith	Lake Carriers' Association, Shenango Furnace Co., Cleveland, Ohio
J. L. Stevens	Shipbuilders Council of America, Chief, Hull Technical Department, Newport News S/B and D/D Co., Newport News, Va.
E. V. Lewis	Webb Institute of Naval Architecture, Glen Cove, Long Island, N.Y.
Captain A. H. McComb, Jr., USCG	Chief, International Maritime Safety Coordinating Staff, USCG Headquarters, Washington, D.C.
Captain B. D. Shoemaker, Jr., USCG	Assistant Chief, Office of Merchant Marine Safety, USCG Headquarters, Washington, D.C.
J. R. Lindgren	American Institute of Marine Underwriters, U.S. Salvage Association, Inc., New York, N.Y.
Edwin L. Stewart	Society of Naval Architects and Marine Engineers, Scarsdale, N.Y.
H. S. Townsend	U.S. Salvage Association, Inc., New York, N.Y.
Marvin D. Burkhart	U.S. Naval Oceanographic Office, Director, Maritime Safety Division, Suitland, Md.
Captain H. J. Parker	National Cargo Bureau, Chief Surveyor, New York, N.Y.
M. F. York	American Institute of Marine Underwriters, President, Atlantic Mutual Insurance Co., New York, N.Y.

WESTERN RIVERS PANEL

The Western Rivers Panel, formed on March 12, 1943, advises on the various aspects of shipping on the western rivers system. The increase in bulk cargo shipments by barge and the technological advances in this method of transportation require the continued advice of this panel to ensure safety of life and property on the inland waterways.

The panel, consisting of the members listed below, met on October 7 and 8, 1965.

Braxton B. Carr, Chairman	The American Waterways Operators, Inc., Washington, D.C.
Harry W. Anderson	President, Anderson Petroleum Transportation Co., Houston, Tex.
Munger T. Ball	Chairman of the Board, Sabine Towing and Transportation Co., Inc., Port Arthur, Tex.
J. Clarke Berry	Vice President, Canal Barge Co., Inc., New Orleans, La.
Jesse E. Brent	President, Brent Towing Co., Inc., Greenville, Miss.
Ruel E. Bridges	Consultant and Chairman of the Management Committee, Ingram Barge Co., New Orleans, La.
W. A. Creelman	Vice President, National Marine Service, Inc., Hartford, Ill.
B. O. Caplener	Marine Superintendent, Federal Barge Lines, Inc., St. Louis, Mo.
Captain John L. Cathey	Vice President-Operations, Crounse Corp., Paducah, Ky.
Gale H. Chapman	Vice President, Upper Mississippi Towing Corp., Minneapolis, Minn.

Bailey T. DeBardleben	Coyle Lines Inc., New Orleans, La.
Captain Noble L. Gordon	President, Mid-South Towing Co., St. Louis Mo.
Robert L. Gray	Manager, River Operations, Ashland Oil and Refining Co., Inc., Ashland, Ky.
Robert H. Hertzberg	Marine Superintendent, Cargo Carriers, Inc., Minneapolis, Minn.
Gresham Hougland	Executive Vice President, Hougland Barge Line, Inc., Paducah, Ky.
Captain Robert B. McCulloch	Port Captain, The Ohio River Co., Huntington, W. Va.
W. I. McElroy	Vice President, Warrior and Gulf Navigation Co., Chickasaw, Ala.
D. L. Mechling	A. L. Mechling Barge Lines, Inc., New Orleans, La.
William K. Nestor	Executive Vice President-Operations, Arrow Transportation Co., Sheffield, Ala.
Alvan D. Osbourne	Vice President-Operations, Union Barge Line Corp., Pittsburgh, Pa.
Bert C. Pouncey, Jr.	Anoka Boat and Towing Co., Inc., Hughes, Ark.
C. W. Rushing	Manager, Missouri Barge Line Co., Cape Girardeau, Mo.
Frank P. Silliman	President, Hillman Transportation Co., Pittsburgh, Pa.
Arnold Sobel	Vice President, Material Service Division, General Dynamics Corp., Chicago, Ill.
M. F. Spellacy	Manager, Marine Division, Inland Waterways Department, Humble Oil and Refining Co., Houston, Tex.
Captain Roy Streckfus	President, Streckfus Steamers, Inc., St. Louis, Mo.
Captain L. J. Sullivan	Vice President, Marine Operations, Mississippi Valley Barge Lines, St. Louis, Mo.
J. W. Weaver	Standard Oil Co. (Kentucky), Louisville, Ky.
Captain Jack D. Wofford	American Commercial Barge Line Co., Jeffersonville, Ind.

TABLES

NOTE.—Details of figures may not add to totals because of rounding.

Bases of Tables

The figures in this report are shown on the basis of: (a) *The Daily Statement of the United States Treasury*; (b) the *Monthly Statement of Receipts and Expenditures of the United States Government*; (c) warrants issued; (d) public debt accounts; and (e) administrative accounts and reports. Where no basis is indicated, the figures are derived from administrative reports prepared according to various specifications. Where more than one basis is used in a single table covering a period of years, the date of the change in basis is stated. The term "security," wherever used in the various tables, means any obligation issued pursuant to law for valuable consideration and includes bonds, notes, certificates of indebtedness, debentures, and other evidences of indebtedness.

Following are general explanations of the various bases. For background on the first two bases (the daily and monthly statements) see exhibits 69, 70, and 71 in the 1954 annual report; and for the third (warrants issued) see 1962 annual report, page 502.

Daily Statement of the United States Treasury

The daily Treasury statement was the basis for receipts, expenditures, and the resulting surplus or deficit shown in this report for the fiscal years 1916-52, and from 1916 to present it has been the basis for much of the public debt data and all of the figures on the account of the Treasurer of the United States. Since 1916 the daily statement has been based on bank transcripts (summarizing charges for checks paid and credits for deposits on the books of the banks) cleared and processed through the accounts of the Treasurer's office in Washington. Telegraphic reports are used to provide more timely data for certain major types of information pending receipt of the bank transcripts. For the fiscal years 1946-52, expenditures for agencies using the facilities of the Treasury Department's Division of Disbursement were shown on the basis of reports of checks issued. Total expenditures, however, as well as expenditures for the military departments and other agencies using their own disbursing facilities, were on the basis of bank transcripts cleared.

During the time it served as the basis for the budget results, the daily statement covered certain transactions processed through commercial bank accounts held in the name of Government officers other than the Treasurer of the United States, and included intragovernmental and other noncash transactions. The present daily Treasury statement reports the status of the Treasurer's account and summarizes the various transactions representing deposits and withdrawals in that account, excluding noncash transactions (with minor exceptions) and transactions involving cash held outside the Treasurer's account. Only a limited number of deposit and withdrawal classifications are shown. These data do not purport to represent budget results.

Monthly Statement of Receipts and Expenditures of the United States Government

Beginning with the figures for the fiscal year 1953, this monthly statement replaced the daily statement as the primary source of administrative budget results (surplus or deficit) and other receipt and expenditure data classified by type of account. This statement shows all receipts and expenditures of the Government including those made from cash accounts held outside the Treasurer's account. The information in the monthly statement is based on the central accounts relating to cash operations (see "Description of Accounts Relating to Cash Operations," below).

Warrants issued

Receipt and expenditure data shown for fiscal years before 1916 were taken from reports based on warrants issued.

For receipts, covering warrants were prepared from certificates of deposit mailed to the Treasury, principally by Government depositories, showing de-

posits received. The figures thus compiled were on a "warrants-issued" basis. Since these certificates did not reach the Treasury simultaneously, all receipts for a fiscal year could not be covered into the Treasury by warrant of the Secretary immediately upon the close of the fiscal year. Therefore, certain certificates of deposit representing amounts deposited during one fiscal year were reported as the next year's receipts.

Reports of expenditures were based on the amount of accountable and settlement warrants issued and charged to appropriation accounts. Since accountable warrants covered advances to disbursing officers, rather than actual payments, reported expenditures necessarily included the changes in balances of funds remaining unexpended to the credit of disbursing officers at the close of the fiscal year.

Public debt accounts

The figures reported on this basis represent transactions which have been audited by the Bureau of the Public Debt. It is sometimes several months after a financing operation before all the transactions have been reported and audited. Therefore, the public debt figures on this basis differ from those reported in the daily Treasury statement since the latter consist of transactions cleared through the Treasurer's account during the reporting period. A reconciliation of figures on the two bases is given in table 35.

Administrative accounts and reports

Certain tables in this report are developed from the accounts, records, and reports of the administrative agencies concerned, which may be on various bases. These tables include: internal revenue and customs statistics, foreign currency transactions in the accounts of the Secretary of the Treasury, and financial statements of Government corporations and other business-type activities.

Description of Accounts Relating to Cash Operations

The classes of accounts maintained in connection with the cash operations of the Federal Government, exclusive of public debt operations, include: (1) The accounts of fiscal officers or agents, collectively, who receive money for deposit in the U.S. Treasury or for other authorized disposition or who make disbursements by drawing checks on the Treasurer of the United States or by effecting payments in some other manner; (2) the accounts of administrative agencies which classify receipt and expenditure (disbursement) transactions according to the individual receipt, appropriation, or fund account; and (3) the accounts of the Treasurer of the United States whose office, generally speaking, is responsible for the receipt and custody of money deposited by fiscal officers or agents, for the payment of checks drawn on the Treasurer, and the payment of public debt securities redeemed. A set of central accounts is maintained in the Treasury Department for the purpose of consolidating financial data reported periodically from these three sources in order to present the results of cash operations in central financial reports on a unified basis for the Government as a whole, and as a means of internal control.

The central accounts relating to cash operations disclose monthly and fiscal year information on: (1) The Government's receipts by principal sources, and its expenditures according to the different appropriations and other funds involved; and (2) the cash transactions, classified by types, together with certain directly related assets and liabilities which underlie such receipts and expenditures. The accounting for receipts is substantially on the basis of collections (i.e. as of the time cash receipts are placed under accounting control), and that for expenditures is substantially on the basis of checks issued (and cash payments made) except that since June 1955 interest on the public debt has been on an accrual basis. The structure of the accounts provides for a reconciliation, on a firm accounting basis, between the published reports of receipts and expenditures for the Government as a whole and changes in the Treasurer's cash balance by means of such factors as checks outstanding, deposits in transit, and cash held outside the Treasury. Within the central accounts, receipt and expenditure accounts are classified as described in the following paragraphs.

Administrative budget accounts

General fund accounts.—General fund receipt accounts are credited with all receipts which are not earmarked by law for a specific purpose. General fund receipts consist principally of internal revenue collections, which include income taxes, excise taxes, estate, gift, and employment taxes. The remainder consist

of customs duties and a large number of miscellaneous receipts, including fees for permits and licenses; fines, penalties, and forfeitures; interest and dividends; rentals; royalties; sale of Government property; and seigniorage. General fund expenditure accounts are established to record amounts appropriated by the Congress to be expended for the general support of the Government.

Special fund accounts.—Special fund accounts are credited with receipts from specific sources which are earmarked by law for a specific purpose, but which are not generated from a cycle of operations.

Revolving fund accounts.—These are funds authorized by specific provisions of law to finance a continuing cycle of operations in which expenditures generate receipts, and the receipts are available for expenditure without further action by Congress. They are classified as (a) public enterprise funds where receipts come primarily from sources outside the Government and (b) intragovernmental funds where receipts come primarily from other appropriations or funds. Treasury reports generally show the net effect of operations (excess of disbursements or collections and reimbursements for the period) on the administrative budget surplus or deficit.

Management fund accounts (including consolidated working funds).—These are working fund accounts authorized by law to facilitate accounting for and administration of intragovernmental activities (other than a continuing cycle of operations) which are financed by two or more appropriations.

Other accounts

Trust fund accounts.—These are accounts maintained to record the receipt and expenditure of moneys held in trust by the Government for use in carrying out specific purposes or programs in accordance with the terms of a trust agreement or statute. The receipts of many trust funds, especially the major ones, to the extent not needed for current payments, are invested in public debt securities and other Government agency securities. Generally, trust fund accounts consist of separate receipt and expenditure accounts, but when the trust corpus is established to perform a business-type operation, the fund entity is called a "trust revolving fund" and a combined receipt and expenditure account is used.

Deposit fund accounts.—Deposit funds are combined receipt and expenditure accounts established to account for receipts that are either (a) held in suspense temporarily and later refunded or paid into some other fund of the Government upon administrative or legal determination as to the proper disposition thereof, or (b) held by the Government as banker or agent for others and paid out at the direction of the depositor.

Summary of

TABLE 1.—Summary of fiscal operations,

(On basis of daily Treasury statements through 1952; thereafter on basis of "Monthly Statement

Fiscal year or month	Administrative budget			Trust and other transactions, net receipts, or expendi- tures (-) ³	Clearing account ⁴	Public debt, net increase, or decrease (-)
	Net receipts ²	Net Expenditures ²	Surplus, or deficit (-)			
1940.....	\$5,137,249,771	\$9,055,268,931	-\$3,918,019,161	\$442,538,143	-----	\$2,527,998,627
1941.....	7,095,676,052	13,254,948,411	-6,159,272,358	907,790,781	-----	5,993,912,498
1942.....	12,546,618,755	34,036,861,487	-21,490,242,732	-1,612,785,695	-----	23,461,001,581
1943.....	21,947,283,157	79,367,713,522	-57,420,430,365	-337,796,138	-----	64,273,645,214
1944.....	43,562,609,460	94,986,002,002	-51,423,392,541	-2,221,918,654	-----	64,307,296,891
1945.....	44,362,020,944	98,302,937,069	-53,940,916,126	791,293,666	-----	57,678,800,189
1946.....	39,649,870,986	60,326,041,595	-20,676,170,609	-523,587,210	-----	10,739,911,763
1947.....	39,677,167,024	38,923,379,364	753,787,660	-1,102,524,942	\$554,706,981	-11,135,716,065
1948 ⁶	41,374,701,989	32,955,232,145	8,419,469,844	-294,342,662	-507,106,039	-5,994,136,596
1949 ⁶	37,662,972,939	39,474,412,987	-1,811,440,048	-494,733,365	366,441,900	478,113,347
1950.....	36,421,934,577	39,544,036,935	-3,122,102,357	99,137,360	482,656,886	4,586,992,491
1951.....	47,480,067,075	43,970,284,450	3,509,782,624	679,223,478	-214,140,135	-2,135,375,536
1952.....	61,286,560,916	65,303,201,294	-4,016,640,378	147,077,201	-401,389,312	3,883,201,970
1953.....	64,670,584,424	74,119,797,882	-9,449,213,457	434,671,979	-249,920,729	6,965,882,853
1954.....	64,420,034,061	67,537,000,317	-3,116,966,256	327,762,083	-303,126,484	5,188,537,469
1955.....	60,208,508,692	64,388,737,614	-4,180,228,921	231,296,942	283,518,269	3,114,623,694
1956.....	67,849,951,339	66,224,397,935	1,625,553,403	-193,580,583	521,955,153	-1,623,409,153
1957.....	70,561,886,113	68,966,314,662	1,595,571,550	194,731,536	-522,892,840	-2,227,641,752
1958.....	68,549,720,044	71,369,174,086	-2,819,454,041	632,513,036	530,045,771	5,816,045,849
1959.....	67,915,348,624	80,342,335,375	-12,426,986,751	-328,663,331	-5,750,464	8,362,089,332
1960.....	77,763,460,221	76,539,412,799	1,224,047,422	-49,526,275	-145,025,682	1,624,853,770
1961.....	77,659,424,906	81,515,167,454	-3,855,742,548	-602,403,079	507,346,821	2,640,177,762
1962.....	81,409,092,073	87,786,766,581	-6,377,674,508	435,641,579	448,422,413	9,229,884,111
1963.....	86,376,210,348	92,641,797,059	-6,265,586,711	96,541,467	196,017,584	7,658,810,276
1964.....	89,458,664,072	97,684,374,795	-8,225,710,723	550,608,332	741,391,176	5,853,266,261
1965.....	93,071,796,892	96,506,904,210	-3,435,107,319	426,395,153	-977,754,134	5,560,999,726
1966.....	104,727,263,668	106,978,344,155	-2,251,080,487	503,235,643	-1,088,231,394	2,633,188,812
1965-July.....	3,806,620,185	7,240,159,755	-3,433,539,570	58,601,871	-57,287,732	-692,262,266
Aug.....	7,350,282,174	8,990,385,181	-1,640,103,007	181,882,846	-1,058,565,002	1,658,434,095
Sept.....	10,999,438,304	9,451,697,057	1,547,741,247	-28,137,077	982,692,374	-1,492,516,085
Oct.....	3,295,161,703	8,749,847,474	-5,454,685,771	155,549,296	293,610,763	2,153,843,283
Nov.....	8,105,829,135	9,104,970,041	-999,140,906	-45,138,861	-791,850,780	2,810,059,765
Dec.....	9,552,928,505	9,426,494,153	126,434,352	189,081,659	314,475,804	-807,347,733
1966-Jan.....	6,453,242,289	8,809,391,026	-2,356,148,737	65,560,011	115,708,126	1,099,076,855
Feb.....	8,335,146,681	8,156,363,840	178,782,842	70,818,191	-584,538,636	1,307,905,378
Mar.....	11,297,084,815	10,193,260,105	1,103,824,710	87,736,494	896,372,159	-2,312,332,884
Apr.....	9,928,911,133	8,362,212,843	1,566,698,289	781,734,023	-479,811,927	-1,415,968,505
May.....	8,451,955,372	9,054,512,270	-602,556,897	-773,371,726	-30,881,870	2,776,521,429
June.....	17,150,663,373	9,439,050,410	7,711,612,963	-241,090,083	-688,154,672	-2,452,224,519

¹ Public debt includes debt incurred to finance expenditures of wholly owned Government corporations and other business-type activities in exchange for which securities of the corporations and activities were issued to the Treasury. (See table 110.)

² For interfund transactions excluded from both net budget receipts and expenditures, see 1961 annual report pp. 450-457, 1965 report, p. 517, and table 8, this report.

³ For further detail, see tables 5-7. Investments by wholly owned Government corporations in public debt securities are included in budget expenditures before 1951.

⁴ For checks outstanding and telegraphic reports from Federal Reserve banks; public debt interest accrued and unpaid beginning with June and the fiscal year 1955 (previously included from November 1949 as

Fiscal Operations

fiscal years 1940-66 and monthly 1966

of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Balance in account of the Treasurer of the United States, net increase, or decrease (—)	Amount, end of period				
	Balance in account of the Treasurer of the United States	Debt outstanding ¹			
		Public debt	Guaranteed securities held outside the Treasury	Total	Subject to limitation ²
—\$947,482,391	\$1,890,743,141	\$42,967,531,038	\$5,529,070,655	\$48,496,601,693	\$43,219,123,375
742,430,921	2,633,174,062	48,961,443,536	6,370,252,580	55,331,696,116	49,493,588,731
357,973,154	2,991,147,216	72,422,445,116	4,568,259,630	76,990,704,746	74,154,457,607
6,515,418,710	9,506,565,926	136,696,090,330	4,099,943,046	140,796,033,376	140,469,083,742
10,661,985,696	20,168,551,622	201,003,387,221	1,623,069,301	202,626,456,522	208,077,255,051
4,529,177,729	24,697,729,352	258,682,187,410	433,158,392	259,115,345,802	268,670,763,468
—10,459,846,056	14,237,983,295	269,422,099,173	476,384,859	269,898,484,033	268,932,355,302
—10,929,746,366	3,308,136,929	258,286,383,109	89,520,185	258,375,903,294	257,491,416,060
1,623,884,548	4,932,021,477	252,292,246,513	73,460,818	252,365,707,331	251,541,571,385
—1,461,618,165	3,470,403,312	252,770,359,860	27,275,408	252,797,635,268	252,027,712,585
2,046,684,380	5,517,087,692	257,357,352,351	19,503,034	257,376,855,385	256,652,133,429
1,839,490,432	7,356,578,123	255,221,976,815	29,227,169	255,251,203,984	254,566,629,670
—387,750,519	6,968,827,604	259,105,178,785	45,565,346	259,150,744,131	258,506,598,138
2,298,579,356	4,670,248,248	266,071,061,639	52,072,761	266,123,134,400	265,521,736,361
—2,096,206,813	6,766,455,061	271,259,599,108	81,441,386	271,341,040,494	270,790,304,616
—550,790,014	6,215,665,047	274,374,222,802	44,142,961	274,418,365,763	273,914,849,696
330,518,820	6,546,183,868	272,750,813,649	73,888,475	272,824,702,124	272,361,216,449
—956,231,505	5,589,952,362	270,527,171,896	107,137,950	270,634,309,846	270,188,322,086
4,159,150,615	9,749,102,977	276,343,217,745	101,220,600	276,444,438,345	276,013,439,621
—4,398,711,214	5,350,391,763	284,705,907,078	111,019,150	284,816,926,228	284,398,474,090
2,654,349,235	8,004,740,998	286,330,760,848	139,841,775	286,470,602,623	286,064,964,324
—1,310,621,045	6,694,119,954	288,970,938,610	240,215,450	289,211,154,060	288,861,862,530
3,736,273,595	10,430,393,549	298,200,822,721	444,218,925	298,645,041,646	298,211,767,263
1,685,782,615	12,116,176,163	305,859,632,996	606,610,375	306,466,243,371	306,098,500,044
—1,080,444,954	11,035,731,209	311,712,899,257	812,901,925	312,525,801,182	312,164,173,634
1,574,533,426	12,610,264,635	317,273,898,984	590,326,050	317,864,225,034	317,580,860,048
—202,887,426	12,407,377,210	319,907,087,795	461,547,275	320,368,635,070	320,102,220,952
—4,124,487,698	8,485,776,937	316,581,636,717	473,971,150	317,055,607,867	316,772,927,695
—858,351,069	7,627,425,868	318,240,070,812	502,084,900	318,742,155,712	318,459,890,408
1,009,780,460	8,637,206,328	316,747,554,727	521,997,400	317,269,552,127	316,987,545,513
—2,851,682,431	5,785,523,897	318,901,398,010	492,784,100	319,394,182,110	319,112,665,233
973,929,217	6,759,453,114	321,711,457,775	464,516,350	322,175,974,125	321,894,865,147
—177,355,918	6,582,097,196	320,904,110,042	455,241,200	321,359,351,242	321,078,366,174
—1,075,794,746	5,506,302,450	322,003,186,897	415,537,300	322,418,724,197	322,138,325,642
972,967,775	6,479,270,226	323,311,092,275	434,864,925	323,745,957,200	323,465,735,738
—224,399,521	6,254,870,705	320,998,759,390	455,666,325	321,454,425,715	321,174,804,801
452,651,880	6,707,522,585	319,582,790,886	468,311,025	320,051,101,911	319,771,640,919
1,369,710,935	8,077,233,520	322,359,312,314	465,530,075	322,824,842,389	322,545,816,037
4,330,143,690	12,407,377,210	319,907,087,795	461,547,275	320,368,635,070	320,102,220,952

interest checks and coupons outstanding); also deposits in transit and changes in cash held outside the Treasury and in certain other accounts beginning with the fiscal year 1954. Net increase, or decrease (—).

² A summary of legislation on debt limitation under the Second Liberty Bond Act, as amended, from Sept. 24, 1917, through June 30, 1966, is shown in table 40. Guaranteed securities held outside the Treasury are included in the limitation beginning Apr. 3, 1945. In computing statutory debt limitation, savings bonds are carried at maturity value from their origin in 1935 until June 26, 1946; from that date, as in the public debt outstanding, they are carried at current redemption value.

³ Excludes transfer of \$3,000,000,000 in 1948 and includes transfer of a like amount in 1949 to the Foreign Economic Cooperation Trust Fund. (See table 2, footnote 9.)

Receipts and

TABLE 2.—Receipts and expenditures,

[On basis of warrants issued from 1789 to 1915 and on basis of daily Treasury statements for 1916 through of the United States Government." General, special, emergency, and trust accounts combined from see "Bases of Tables"]

Year ¹	Receipts					Net receipts
	Customs ²	Internal revenue		Other receipts ³	Total receipts ⁴	
		Income and profits taxes	Other			
1789-91	\$4,399,473			\$19,440	\$4,418,913	
1792	3,443,071		\$208,943	17,946	3,669,960	
1793	4,255,307		337,706	59,910	4,652,923	
1794	4,801,065		274,090	356,750	5,431,905	
1795	5,588,461		337,755	188,318	6,114,534	
1796	6,567,988		475,290	1,334,252	8,377,530	
1797	7,549,650		575,491	563,640	8,688,781	
1798	7,106,062		644,358	150,076	7,900,496	
1799	6,610,449		779,136	157,228	7,546,813	
1800	9,080,933		809,396	958,420	10,848,749	
1801	10,750,779		1,048,033	1,136,519	12,935,331	
1802	12,438,236		621,899	1,935,659	14,995,794	
1803	10,479,418		215,180	369,500	11,064,098	
1804	11,098,565		50,941	676,801	11,826,307	
1805	12,936,487		21,747	602,459	13,560,693	
1806	14,667,698		20,101	872,132	15,559,931	
1807	15,845,522		13,051	539,446	16,398,019	
1808	16,363,551		8,211	688,900	17,060,662	
1809	7,296,021		4,044	473,408	7,773,473	
1810	8,583,309		7,431	793,475	9,384,215	
1811	13,313,223		2,296	1,108,010	14,423,529	
1812	8,958,778		4,903	837,452	9,801,133	
1813	13,224,623		4,755	1,111,032	14,340,410	
1814	5,998,772		1,662,985	3,519,868	11,181,625	
1815	7,282,942		4,678,059	3,768,023	15,729,024	
1816	36,306,875		5,124,708	6,246,088	47,677,671	
1817	26,283,348		2,678,101	4,137,601	33,099,050	
1818	17,176,385		955,270	3,453,516	21,585,171	
1819	20,283,609		229,594	4,090,172	24,603,375	
1820	15,005,612		106,261	2,768,797	17,880,670	
1821	13,004,447		69,028	1,499,905	14,573,380	
1822	17,589,762		67,666	2,575,000	20,232,428	
1823	19,088,433		34,242	1,417,991	20,540,666	
1824	17,878,326		34,663	1,468,224	19,381,213	
1825	20,098,713		25,771	1,716,374	21,840,858	
1826	23,341,332		21,590	1,897,512	25,260,434	
1827	19,712,283		19,886	3,234,195	22,966,364	
1828	23,205,524		17,452	1,540,654	24,763,630	
1829	22,681,966		14,503	2,131,158	24,827,627	
1830	21,922,391		12,161	2,909,564	24,844,116	
1831	24,224,442		6,934	4,295,445	28,526,821	
1832	28,465,237		11,631	3,388,693	31,865,561	
1833	29,032,509		2,759	4,913,159	33,948,427	
1834	16,214,957		4,196	5,572,783	21,791,936	
1835	19,391,311		10,459	16,028,317	35,430,087	
1836	23,409,941		370	27,416,485	50,826,796	
1837	11,169,290		5,494	13,779,369	24,954,153	
1838	16,158,800		2,467	10,141,295	26,302,562	
1839	23,137,925		2,553	8,342,271	31,482,749	
1840	13,499,502		1,682	5,978,931	19,480,115	
1841	14,487,217		3,261	2,369,682	16,860,160	
1842	18,187,909		495	1,787,794	19,976,198	
1843 ¹	7,046,844		103	1,255,755	8,302,702	
1844	26,183,571		1,777	3,136,026	29,321,374	
1845	27,528,113		3,517	2,438,476	29,970,106	
1846	26,712,668		2,897	2,984,402	29,699,967	
1847	23,747,865		375	2,747,529	26,495,769	
1848	31,757,071		375	3,978,333	35,735,779	
1849	28,346,739			2,861,404	31,208,143	
1850	39,668,686			3,934,753	43,603,439	
1851	49,017,568			3,541,736	52,559,304	
1852	47,339,327			2,507,489	49,846,816	
1853	58,931,866			2,655,188	61,587,054	
1854	64,224,190			9,576,151	73,800,341	

Footnotes at end of table.

Expenditures

fiscal years 1789-1966

1952. Beginning with fiscal year 1953 on basis of the "Monthly Statement of Receipts and Expenditures 1789 through 1930. Trust accounts excluded for 1931 and subsequent years. For explanation of accounts

Expenditures					Surplus, or deficit (-) ⁶
Department of the Army ⁵	Department of the Navy ⁵	Interest on the public debt	Other ^{3 6}	Total expenditures ⁴	
\$632,804	\$570	\$2,349,437	\$1,286,216	\$4,269,027	\$149,886
1,100,702	53	3,201,628	777,149	5,079,532	-1,409,572
1,130,249	-----	2,772,242	579,822	4,482,313	170,610
2,639,098	61,409	3,490,293	800,089	6,990,839	-1,558,934
2,480,910	410,562	3,189,151	1,459,186	7,539,809	-1,425,275
1,260,264	274,784	3,195,055	996,883	5,726,986	2,650,544
1,039,403	382,632	3,300,043	1,411,556	6,133,634	2,555,147
2,009,522	1,381,348	3,053,281	1,232,353	7,676,504	223,992
2,466,947	2,858,082	3,186,288	1,155,138	9,666,455	-2,119,642
2,560,879	3,448,716	3,374,705	1,401,775	10,786,075	62,674
1,672,944	2,111,424	4,412,913	1,197,301	9,394,582	3,540,749
1,179,148	915,562	4,125,039	1,642,369	7,862,118	7,133,676
822,056	1,215,231	3,848,828	1,965,538	7,851,653	3,212,445
875,424	1,189,833	4,266,583	2,387,602	8,719,442	3,106,865
712,781	1,597,500	4,148,999	4,046,954	10,506,234	3,054,459
1,224,355	1,649,641	3,723,408	3,206,213	9,803,617	5,756,314
1,288,686	1,722,064	3,369,578	1,973,823	8,354,151	8,043,868
2,900,834	1,884,068	3,428,153	1,719,437	9,932,492	7,128,170
3,345,772	2,427,759	2,866,075	1,641,142	10,280,748	-2,507,275
2,294,324	1,654,244	2,845,428	1,362,514	8,156,510	1,227,705
2,032,828	1,965,566	2,465,733	1,594,210	8,058,337	6,385,192
11,817,798	3,959,365	2,451,273	2,052,335	20,280,771	-10,149,638
19,652,013	6,446,600	3,599,455	1,983,784	31,681,852	-17,341,442
20,350,807	7,311,291	4,593,239	2,465,589	34,720,926	-23,539,301
14,794,294	8,660,000	5,754,569	3,490,276	32,708,139	-16,979,115
16,012,097	3,908,278	7,213,259	3,453,057	30,586,691	17,090,980
8,004,237	3,314,598	6,389,210	4,135,775	21,843,820	11,255,320
5,622,715	2,953,695	6,016,447	5,232,264	19,825,121	1,760,050
6,506,300	3,847,640	5,163,538	5,946,332	21,463,810	3,139,565
2,630,392	4,387,990	5,126,097	6,116,148	18,260,627	-379,957
4,461,292	3,319,243	5,087,274	2,942,944	15,810,753	-1,237,373
3,111,981	2,224,459	5,172,578	4,491,202	15,000,220	5,232,208
3,006,924	2,503,766	4,922,685	4,183,465	14,706,840	5,833,826
3,340,940	2,904,582	4,996,562	9,084,624	20,826,708	-945,495
3,659,914	3,049,084	4,366,769	4,781,462	15,857,229	5,983,629
3,943,194	4,218,902	3,973,481	4,900,220	17,035,797	8,224,637
3,938,978	4,263,877	3,486,072	4,450,241	16,139,168	6,827,196
4,145,545	3,918,786	3,098,801	5,231,711	16,394,843	8,368,787
4,724,291	3,308,745	2,542,843	4,627,454	15,203,333	9,624,294
4,767,129	3,239,429	1,913,533	5,222,975	15,143,066	9,701,050
4,841,836	3,856,183	1,383,583	5,166,049	15,247,651	13,279,170
5,446,035	3,956,370	772,562	7,113,983	17,288,950	14,576,611
6,704,019	3,901,357	303,797	12,108,379	23,017,552	10,930,875
5,696,189	3,956,260	202,153	8,772,967	18,627,569	3,164,367
5,759,157	3,864,939	57,863	7,890,854	17,572,813	19,857,274
12,169,227	5,807,718	-----	12,891,219	30,868,164	17,586,632
13,682,734	6,646,915	-----	16,913,847	37,243,496	-12,289,343
12,897,224	6,131,596	14,997	14,821,242	33,865,059	-7,562,497
8,916,996	6,182,294	399,834	11,400,004	26,899,128	4,583,621
7,097,070	6,113,897	174,598	10,932,014	24,317,579	-4,837,464
8,805,565	6,001,077	284,978	11,474,253	26,565,873	-9,705,713
6,611,887	8,397,243	773,550	9,423,081	25,205,761	-5,229,563
2,957,300	3,727,711	523,595	4,649,469	11,858,075	-3,555,373
5,179,220	6,498,190	1,833,867	8,826,285	22,337,571	6,983,803
5,752,644	6,297,245	1,040,032	9,847,487	22,937,408	7,032,698
10,792,867	6,454,947	842,723	9,676,388	27,766,925	1,933,042
38,305,520	7,900,636	1,119,215	9,956,041	57,281,412	-30,785,643
25,501,963	9,408,476	2,390,825	8,075,962	45,377,226	-9,641,447
14,852,966	9,786,706	3,565,578	16,846,407	45,051,657	-13,843,514
9,400,239	7,904,709	3,782,331	18,456,213	39,543,492	4,059,947
11,811,793	9,005,931	3,696,721	23,194,572	47,709,017	4,850,287
8,225,247	8,952,801	4,000,298	23,016,573	44,194,919	5,651,897
9,947,291	10,918,781	3,665,833	23,652,206	48,184,111	13,402,943
11,733,629	10,798,586	3,071,017	32,441,630	58,044,862	15,755,479

TABLE 2.—Receipts and expenditures,

Year ¹	Receipts				
	Customs ²	Internal revenue		Other receipts ³	Total receipts ⁴
		Income and profits taxes	Other		
1855.....	\$53, 025, 794			\$12, 324, 781	\$65, 350, 575
1856.....	64, 022, 863			10, 033, 836	74, 056, 699
1857.....	63, 875, 905			5, 089, 408	68, 965, 313
1858.....	41, 789, 621			4, 865, 745	46, 655, 366
1859.....	49, 565, 824			3, 920, 641	53, 486, 465
1860.....	53, 187, 512			2, 877, 096	56, 064, 608
1861.....	39, 582, 126			1, 927, 805	41, 509, 931
1862.....	49, 056, 398			2, 931, 058	51, 987, 456
1863.....	69, 059, 642	\$2, 741, 858	\$34, 898, 930	5, 996, 861	112, 697, 291
1864.....	102, 316, 153	20, 294, 732	89, 446, 402	52, 569, 484	264, 626, 771
1865.....	84, 928, 261	60, 979, 329	148, 484, 886	39, 322, 129	333, 714, 605
1866.....	179, 046, 652	72, 982, 159	236, 244, 654	69, 759, 155	558, 032, 620
1867.....	176, 417, 811	66, 014, 429	200, 013, 108	48, 188, 662	490, 634, 010
1868.....	164, 464, 600	41, 455, 598	149, 631, 991	50, 085, 894	405, 638, 083
1869.....	180, 048, 427	34, 791, 856	123, 564, 605	32, 538, 859	370, 943, 747
1870.....	194, 538, 374	37, 775, 874	147, 123, 882	31, 817, 347	411, 255, 477
1871.....	206, 270, 408	19, 162, 651	123, 935, 503	33, 955, 383	383, 323, 945
1872.....	216, 370, 287	14, 436, 862	116, 205, 316	27, 094, 403	374, 106, 868
1873.....	188, 089, 523	5, 062, 312	108, 667, 002	31, 919, 368	333, 738, 205
1874.....	163, 103, 834	139, 472	102, 270, 313	39, 465, 137	304, 978, 756
1875.....	157, 167, 722	233	110, 007, 261	20, 824, 835	288, 000, 051
1876.....	148, 071, 985	588	116, 700, 144	29, 323, 148	294, 095, 865
1877.....	130, 956, 493	98	118, 630, 310	31, 819, 518	281, 406, 419
1878.....	130, 170, 680		110, 581, 625	17, 011, 574	257, 763, 879
1879.....	137, 250, 048		113, 561, 611	23, 015, 526	273, 827, 185
1880.....	186, 522, 064		124, 009, 374	22, 995, 173	333, 526, 611
1881.....	198, 159, 676	3, 022	135, 261, 364	27, 358, 231	360, 782, 293
1882.....	220, 410, 730		146, 497, 596	36, 616, 924	403, 525, 250
1883.....	214, 706, 497		144, 720, 369	38, 860, 716	398, 287, 582
1884.....	195, 067, 490	55, 628	121, 530, 445	31, 866, 307	348, 519, 870
1885.....	181, 471, 939		112, 498, 726	29, 720, 041	323, 690, 706
1886.....	192, 905, 023		116, 805, 936	26, 728, 767	336, 439, 726
1887.....	217, 286, 893		118, 823, 391	35, 292, 993	371, 403, 277
1888.....	219, 091, 174		124, 296, 872	35, 878, 029	379, 266, 075
1889.....	223, 832, 742		130, 881, 514	32, 335, 803	387, 050, 059
1890.....	229, 668, 585		142, 606, 706	30, 805, 693	403, 080, 984
1891.....	219, 522, 205		145, 686, 250	27, 403, 992	392, 612, 447
1892.....	177, 452, 964		153, 971, 072	23, 513, 748	354, 937, 784
1893.....	203, 355, 017		161, 027, 624	21, 436, 988	385, 819, 629
1894.....	131, 818, 531		147, 111, 233	27, 425, 552	306, 355, 316
1895.....	152, 158, 617	77, 131	143, 344, 541	29, 149, 130	324, 729, 419
1896.....	160, 021, 752		146, 762, 865	31, 357, 830	338, 142, 447
1897.....	176, 554, 127		146, 688, 374	24, 479, 004	347, 721, 705
1898.....	149, 575, 062		170, 900, 642	84, 845, 631	405, 321, 335
1899.....	206, 128, 482		273, 437, 162	36, 394, 977	515, 960, 621
1900.....	233, 164, 871		295, 327, 927	38, 748, 054	567, 240, 852
1901.....	238, 585, 456		307, 180, 664	41, 919, 218	587, 685, 338
1902.....	254, 444, 708		271, 880, 122	36, 153, 403	562, 478, 233
1903.....	284, 479, 582		230, 810, 124	46, 591, 016	561, 880, 722
1904.....	261, 274, 565		232, 904, 119	46, 908, 401	541, 087, 085
1905.....	261, 798, 857		234, 095, 741	48, 380, 087	544, 274, 685
1906.....	300, 251, 878		249, 150, 213	45, 582, 355	594, 984, 446
1907.....	332, 233, 363		269, 666, 773	63, 960, 250	665, 860, 386
1908.....	286, 113, 130		251, 711, 127	64, 037, 650	601, 861, 907
1909.....	300, 711, 934		246, 212, 644	57, 395, 920	604, 320, 498
1910.....	333, 683, 445	20, 951, 781	268, 981, 738	51, 894, 751	675, 511, 715
1911.....	314, 497, 071	33, 516, 977	289, 012, 224	64, 806, 639	701, 832, 911
1912.....	311, 321, 672	28, 583, 304	293, 028, 896	59, 675, 332	692, 609, 204
1913.....	318, 891, 396	35, 006, 300	309, 410, 666	60, 802, 868	724, 111, 230
1914.....	292, 320, 014	71, 381, 275	308, 659, 733	62, 312, 145	734, 673, 167
1915.....	209, 786, 672	80, 201, 759	335, 467, 887	72, 454, 509	697, 910, 827
1916.....	213, 185, 846	124, 937, 253	387, 764, 776	56, 646, 673	782, 534, 548
1917.....	225, 962, 393	359, 681, 228	449, 684, 980	88, 996, 194	1, 124, 324, 795
1918.....	179, 998, 385	2, 314, 006, 292	872, 028, 020	298, 550, 168	3, 664, 582, 865
1919.....	184, 457, 867	3, 018, 783, 687	1, 296, 501, 292	652, 514, 290	5, 152, 257, 136
1920.....	322, 902, 650	3, 944, 949, 288	1, 460, 082, 287	966, 631, 164	6, 694, 565, 389
1921.....	308, 564, 391	3, 206, 046, 158	1, 390, 379, 823	719, 942, 589	5, 624, 932, 961
1922.....	356, 443, 387	2, 068, 128, 193	1, 145, 125, 064	539, 407, 507	4, 109, 104, 151
1923.....	561, 928, 867	1, 678, 607, 428	945, 865, 333	820, 733, 853	4, 007, 135, 481
1924.....	545, 637, 504	1, 842, 144, 418	953, 012, 618	671, 250, 162	4, 012, 044, 702

Footnotes at end of table.

fiscal years 1789-1966—Continued

Expenditures					Surplus, or deficit (-) ⁶
Department of the Army ⁵	Department of the Navy ⁵	Interest on the public debt	Other ^{3, 4}	Total expenditures ⁴	
\$14, 773, 826	\$13, 312, 024	\$2, 314, 375	\$29, 342, 443	\$59, 742, 668	\$5, 607, 907
16, 948, 197	14, 091, 781	1, 953, 822	36, 577, 226	69, 571, 026	4, 485, 673
19, 261, 774	12, 747, 977	1, 678, 265	34, 107, 092	67, 795, 708	1, 169, 605
25, 495, 383	13, 984, 551	1, 567, 056	33, 148, 280	74, 185, 270	-27, 529, 904
23, 243, 823	14, 642, 990	2, 638, 464	28, 545, 700	69, 070, 977	-15, 584, 512
16, 409, 767	11, 514, 965	3, 177, 315	32, 028, 551	63, 130, 598	-7, 065, 990
22, 981, 150	12, 420, 888	4, 000, 174	27, 144, 433	66, 546, 045	-25, 036, 714
394, 368, 407	42, 668, 277	13, 190, 325	24, 534, 810	474, 761, 819	-422, 774, 363
599, 208, 601	63, 221, 964	24, 729, 847	27, 490, 319	714, 740, 725	-602, 043, 434
690, 791, 843	85, 725, 995	53, 685, 422	35, 119, 382	865, 322, 642	-600, 695, 871
1, 031, 323, 361	122, 612, 945	77, 397, 712	66, 221, 206	1, 297, 555, 224	-963, 840, 619
284, 449, 702	43, 324, 118	133, 067, 742	59, 967, 855	520, 809, 417	37, 223, 203
95, 224, 415	31, 034, 011	143, 781, 592	87, 502, 657	357, 542, 675	133, 091, 335
123, 246, 648	25, 775, 503	140, 424, 046	87, 894, 088	377, 340, 285	28, 297, 798
78, 501, 991	20, 000, 758	130, 694, 243	93, 668, 286	322, 865, 278	48, 078, 469
57, 655, 676	21, 780, 230	129, 235, 498	100, 982, 157	309, 653, 561	101, 601, 916
35, 799, 992	19, 431, 027	125, 576, 566	111, 369, 603	292, 177, 188	91, 546, 757
35, 372, 157	21, 249, 810	117, 357, 840	103, 538, 156	277, 517, 963	96, 588, 905
46, 323, 138	23, 526, 257	104, 750, 688	115, 745, 162	290, 345, 245	43, 392, 960
42, 313, 927	30, 932, 587	107, 119, 815	122, 267, 544	302, 633, 873	2, 344, 883
41, 420, 646	21, 497, 626	103, 093, 545	108, 911, 576	274, 623, 393	13, 376, 658
38, 070, 889	18, 963, 310	100, 243, 271	107, 823, 615	265, 101, 085	28, 994, 780
37, 082, 736	14, 959, 935	97, 124, 512	92, 167, 292	241, 334, 475	40, 071, 944
32, 154, 148	17, 365, 301	102, 500, 875	84, 944, 003	236, 964, 327	20, 799, 552
40, 425, 661	15, 125, 127	105, 327, 949	106, 069, 147	266, 947, 884	6, 879, 301
38, 116, 916	13, 536, 985	95, 757, 575	120, 231, 482	267, 642, 958	65, 883, 653
40, 466, 461	15, 686, 672	82, 508, 741	122, 051, 014	260, 712, 888	100, 069, 405
43, 570, 494	15, 032, 046	71, 077, 207	128, 301, 693	257, 981, 440	145, 543, 810
48, 911, 383	15, 283, 437	59, 160, 131	142, 053, 187	265, 408, 138	132, 879, 444
39, 429, 603	17, 292, 601	54, 578, 379	132, 825, 661	244, 126, 244	104, 393, 626
42, 670, 578	16, 021, 080	51, 386, 256	150, 149, 021	260, 226, 935	63, 643, 771
34, 324, 153	13, 907, 888	50, 580, 146	143, 670, 952	242, 483, 139	93, 956, 587
38, 561, 026	15, 141, 127	47, 741, 577	166, 488, 451	267, 932, 181	103, 471, 096
38, 522, 436	16, 926, 438	44, 715, 007	167, 760, 920	267, 924, 801	111, 341, 274
44, 435, 271	21, 378, 809	41, 001, 484	192, 473, 414	299, 288, 978	87, 761, 081
44, 582, 838	22, 006, 206	36, 099, 284	215, 352, 383	318, 040, 711	85, 040, 273
48, 720, 065	26, 113, 896	37, 547, 135	253, 392, 808	365, 773, 904	26, 838, 543
46, 895, 456	29, 174, 139	23, 378, 116	245, 575, 620	345, 023, 331	9, 914, 453
49, 641, 773	30, 136, 084	27, 264, 392	276, 455, 704	383, 477, 953	2, 341, 676
54, 567, 930	31, 701, 294	27, 841, 406	253, 414, 651	367, 525, 281	-61, 169, 965
51, 804, 759	28, 797, 796	30, 978, 030	244, 614, 713	356, 195, 298	-31, 465, 879
50, 830, 921	27, 147, 732	35, 385, 029	238, 815, 764	352, 179, 446	-14, 036, 999
48, 950, 268	34, 561, 546	37, 791, 110	244, 471, 235	365, 774, 159	-18, 052, 454
91, 992, 000	58, 823, 985	37, 585, 056	254, 967, 542	443, 368, 583	-38, 047, 288
229, 841, 254	63, 942, 104	39, 896, 925	271, 391, 896	605, 072, 179	-89, 111, 558
134, 774, 768	55, 953, 078	40, 160, 333	289, 972, 668	520, 860, 847	46, 380, 005
144, 615, 697	60, 506, 978	32, 342, 979	287, 151, 271	524, 616, 925	63, 068, 413
112, 272, 216	67, 803, 128	29, 108, 045	276, 050, 860	485, 234, 249	77, 243, 984
118, 629, 505	82, 618, 034	28, 556, 349	287, 202, 339	517, 006, 127	44, 874, 595
165, 199, 911	102, 956, 102	24, 646, 490	290, 857, 397	583, 659, 900	-42, 572, 815
126, 093, 894	117, 550, 308	24, 590, 944	299, 043, 768	567, 278, 914	-23, 004, 229
137, 326, 066	110, 474, 264	24, 308, 576	298, 093, 372	570, 202, 278	24, 782, 168
149, 775, 084	97, 128, 469	24, 481, 158	307, 744, 131	579, 128, 842	86, 731, 544
175, 840, 453	118, 037, 097	21, 426, 138	343, 892, 632	659, 196, 320	-57, 334, 413
192, 486, 904	115, 546, 011	21, 803, 836	363, 907, 134	693, 743, 885	-89, 423, 387
189, 823, 379	123, 173, 717	21, 342, 979	359, 276, 990	693, 617, 065	-18, 105, 350
197, 199, 491	119, 937, 644	21, 311, 334	352, 753, 043	691, 201, 512	10, 631, 399
184, 122, 793	135, 591, 956	22, 616, 300	347, 550, 285	689, 881, 334	2, 727, 870
202, 128, 711	133, 262, 862	22, 899, 108	366, 221, 282	724, 511, 963	-400, 733
208, 349, 746	139, 682, 186	22, 863, 957	364, 185, 542	735, 081, 431	-408, 264
202, 160, 134	141, 835, 634	22, 902, 897	393, 688, 117	760, 586, 802	-62, 675, 975
183, 176, 439	153, 653, 567	22, 900, 869	374, 125, 327	734, 056, 202	48, 478, 346
377, 940, 870	239, 632, 757	24, 742, 702	1, 355, 356, 422	1, 977, 681, 751	-853, 356, 956
4, 869, 955, 286	1, 278, 840, 487	189, 743, 277	6, 358, 163, 421	12, 696, 702, 471	-9, 032, 119, 606
9, 009, 575, 789	2, 002, 310, 785	619, 215, 569	6, 884, 277, 812	18, 514, 879, 955	-13, 362, 622, 819
1, 621, 953, 095	736, 021, 456	1, 020, 251, 622	3, 025, 117, 668	6, 403, 343, 841	291, 221, 548
1, 118, 076, 423	650, 373, 836	999, 144, 731	2, 348, 332, 700	5, 115, 927, 690	509, 005, 271
457, 756, 139	476, 775, 194	991, 000, 759	1, 447, 075, 808	3, 372, 607, 900	736, 496, 251
397, 050, 596	333, 201, 362	1, 055, 923, 690	1, 508, 451, 881	3, 294, 627, 529	712, 507, 952
357, 016, 878	332, 249, 137	940, 602, 913	1, 418, 809, 037	3, 048, 677, 965	963, 366, 737

TABLE 2.—Receipts and expenditures, fiscal years 1789-1966—Continued

Year ¹	Receipts								
	Customs ²	Internal revenue		Other receipts ³	Total receipts by major sources ⁴	Refunds and transfers ⁷	Receipts, less refunds and transfers	Interfund transactions (deduct) ⁸	Net receipts
		Income and profits taxes	Other						
1925	\$547,561,226	\$1,760,537,824	\$828,638,068	\$643,441,567	\$3,780,148,685		\$3,780,148,685		\$3,780,148,685
1926	579,430,093	1,982,040,088	855,599,289	545,686,220	3,962,755,690		3,962,755,690		3,962,755,690
1927	605,499,983	2,224,992,800	644,421,542	654,480,116	4,129,394,441		4,129,394,441		4,129,394,441
1928	568,986,188	2,173,952,557	621,018,666	678,390,745	4,042,348,156		4,042,348,156		4,042,348,156
1929	602,262,786	2,330,711,823	607,307,549	492,968,067	4,033,250,225		4,033,250,225		4,033,250,225
1930	587,000,903	2,410,986,978	628,308,036	551,645,785	4,177,941,702		4,177,941,702		4,177,941,702
1931	378,354,005	1,860,394,295	569,386,721	381,503,611	3,189,638,632	\$74,081,709	3,115,556,923		3,115,556,923
1932	327,754,969	1,057,335,853	503,670,481	116,964,134	2,005,725,437	81,812,320	1,923,913,117	\$21,294	1,923,891,824
1933	250,750,251	746,206,445	858,217,512	224,522,534	2,079,696,742	58,483,799	2,021,212,943	24,369,110	1,996,843,833
1934	313,434,302	817,961,481	1,822,642,347	161,515,919	3,115,554,050	51,286,138	3,064,267,912	49,298,113	3,014,969,799
1935	343,353,034	1,099,118,638	2,178,571,390	179,424,141	3,800,467,202	70,553,357	3,729,913,845	23,958,245	3,705,955,600
1936	386,811,594	1,426,575,434	2,086,276,174	216,293,413	4,115,956,615	47,019,926	4,068,936,689	71,877,714	3,997,058,975
1937	486,356,599	2,163,413,817	2,433,726,286	210,093,535	5,293,590,237	314,989,542	4,978,600,695	22,988,139	4,955,612,556
1938	359,187,249	2,640,284,711	3,034,033,726	208,155,641	6,241,661,227	626,440,065	5,615,221,162	27,209,289	5,588,011,873
1939	318,837,311	2,188,757,289	2,972,463,558	187,765,468	5,667,823,626	671,524,096	4,996,299,530	17,233,572	4,979,065,958
1940	348,590,636	2,125,324,635	3,177,809,353	241,643,315	5,893,367,939	749,354,895	5,144,013,044	6,763,273	5,137,249,771
1941	391,870,013	3,469,637,849	3,892,037,133	242,066,585	7,995,611,580	892,680,197	7,102,931,383	7,255,331	7,095,676,052
1942	388,948,427	7,960,464,973	5,032,652,915	294,614,145	13,676,680,460	1,121,244,376	12,555,436,084	8,817,329	12,546,618,755
1943	324,290,778	16,093,668,781	6,505,300,218	934,062,619	23,402,322,396	1,415,621,609	21,986,700,787	39,417,630	21,947,283,157
1944	431,252,168	34,654,851,852	7,030,135,478	3,324,809,903	45,441,049,402	1,805,734,046	43,635,315,356	72,705,896	43,562,609,460
1945	354,775,542	35,173,051,373	8,728,950,555	3,493,528,901	47,750,306,371	3,275,002,706	44,475,303,665	113,282,721	44,362,020,944
1946	435,475,072	30,884,796,016	9,425,537,282	3,492,326,920	44,238,135,290	4,466,731,580	39,771,403,710	121,532,724	39,649,870,986
1947	494,078,260	29,305,568,454	10,073,840,241	4,634,701,652	44,508,188,607	4,722,007,571	39,786,181,036	109,014,012	39,677,167,024
1948 ⁹	421,723,028	31,170,968,403	10,682,516,849	3,823,599,033	46,098,807,314	4,610,628,472	41,488,178,842	113,476,853	41,374,701,989
1949 ⁹	384,484,796	29,482,283,759	10,825,001,116	2,081,735,850	42,773,505,520	5,077,956,071	37,695,549,449	32,576,510	37,662,972,939
1950	422,650,329	28,262,671,097	11,185,936,012	1,439,370,414	41,310,627,852	4,815,727,015	36,494,900,837	72,966,260	36,421,934,577
1951	624,008,052	37,752,553,688	13,353,541,306	1,638,568,845	53,368,671,892	5,801,058,408	47,567,613,484	87,546,409	47,480,067,075
1952	550,696,379	51,346,525,736	14,288,368,522	1,813,778,921	67,999,369,558	6,608,425,006	61,390,944,552	104,383,636	61,286,560,916
1953	613,419,582	54,362,967,793	15,808,006,083	1,864,741,185	72,649,134,647	7,824,090,621	64,825,044,026	154,459,602	64,670,584,424
1954	562,020,618	53,905,570,964	16,394,080,537	2,311,263,612	73,172,935,738	8,517,548,748	64,655,386,989	235,352,928	64,420,034,061

227-572-67-39

Year ¹	Expenditures							Surplus, or deficit (-) ⁶
	Department of the Army ⁵	Department of the Navy ⁵	Department of the Air Force ⁵	Interest on the public debt	Other ⁵	Total expenditures by major purposes ⁴	Interfund transactions (deduct) ⁸	Total expenditures ⁴
1925.....	\$370,980,708	\$346,142,001	-----	\$881,806,662	\$1,464,175,961	\$3,063,105,332	-----	\$3,063,105,332
1926.....	364,089,945	312,743,410	-----	831,937,700	1,588,840,768	3,097,611,823	-----	3,097,611,823
1927.....	369,114,122	318,909,096	-----	787,019,578	1,498,986,878	2,974,029,674	-----	2,974,029,674
1928.....	400,989,683	331,335,492	-----	731,764,476	1,639,175,204	3,103,264,855	-----	3,103,264,855
1929.....	425,947,194	364,561,544	-----	678,330,400	1,830,020,348	3,298,859,486	-----	3,298,859,486
1930.....	464,853,515	374,165,639	-----	659,347,613	1,941,902,117	3,440,268,884	-----	3,440,268,884
1931.....	486,141,754	353,768,185	-----	611,559,704	2,125,964,360	3,577,434,003	-----	3,577,434,003
1932.....	476,305,311	357,517,834	-----	599,276,631	3,226,103,049	4,659,202,825	\$21,294	4,659,181,532
1933.....	434,620,860	349,372,794	-----	689,365,106	3,149,506,267	4,622,865,028	24,369,110	4,598,495,918
1934.....	408,586,783	296,927,490	-----	756,617,127	5,231,768,454	6,693,899,854	49,298,113	6,644,601,741
1935.....	487,995,220	436,265,532	-----	820,926,353	4,775,778,841	6,520,965,945	23,958,245	6,497,007,700
1936.....	618,587,184	528,882,143	-----	749,396,802	6,596,619,790	8,493,485,919	71,877,714	8,421,608,205
1937.....	628,104,285	556,674,066	-----	866,384,331	5,704,858,728	7,756,021,409	22,988,139	7,733,033,270
1938.....	644,263,842	596,129,739	-----	926,280,714	4,625,163,465	6,791,837,760	27,209,289	6,764,628,471
1939.....	695,256,481	672,722,327	-----	940,539,764	6,549,938,998	8,858,457,570	17,233,572	8,841,223,998
1940.....	907,160,151	891,484,523	-----	1,040,935,697	6,222,451,833	9,062,032,204	6,763,273	9,055,268,931
1941.....	3,938,943,048	2,313,057,956	-----	1,110,692,812	5,899,509,926	13,262,203,742	7,255,331	13,254,948,411
1942.....	14,325,508,098	8,579,588,976	-----	1,260,085,336	9,880,496,406	34,045,678,816	8,817,329	34,036,861,487
1943.....	42,525,562,523	20,888,349,026	-----	1,808,160,396	14,185,059,207	79,407,131,152	39,417,630	79,367,713,522
1944.....	49,438,330,158	26,537,633,877	-----	2,608,979,806	16,473,764,057	95,058,707,898	72,705,896	94,986,002,002
1945.....	50,490,101,935	30,047,152,135	-----	3,616,686,048	14,262,279,670	98,416,219,790	113,282,721	98,302,937,069
1946.....	27,986,769,041	15,164,412,379	-----	4,721,957,683	12,574,435,216	60,447,574,319	121,532,724	60,326,041,595
1947.....	9,172,138,869	5,597,203,036	-----	4,957,922,484	19,305,128,987	39,032,393,376	109,014,012	38,923,379,364
1948 ⁹	7,698,556,403	4,284,619,125	-----	5,211,101,865	15,874,431,605	33,068,708,998	113,476,853	32,955,232,145
1949 ⁹	7,862,397,097	4,434,705,920	\$1,690,460,724	5,339,396,336	20,180,029,420	39,506,989,497	32,576,510	39,474,412,987
1950.....	5,789,467,599	4,129,545,653	3,520,632,580	5,749,913,064	20,427,444,299	39,617,003,195	72,966,260	39,544,036,935
1951 ¹⁰	8,635,938,754	5,862,548,845	6,358,603,828	5,612,654,812	17,588,084,620	44,057,830,859	87,546,409	43,970,284,450
1952.....	17,452,710,349	10,231,264,765	12,851,619,343	5,859,263,437	19,012,727,036	65,407,584,930	104,383,636	65,303,201,294
1953.....	17,054,333,370	11,874,830,152	15,085,227,952	6,503,580,030	23,756,285,980	74,274,237,484	154,459,602	74,119,797,882
1954.....	13,515,388,452	11,292,803,940	15,668,473,393	6,382,483,640	20,913,201,820	67,772,353,245	235,352,928	67,537,000,317

Footnotes on following pages.

TABLE 2.—Receipts and expenditures, fiscal years 1789–1966—Continued

Year ¹	Receipts								
	Customs ²	Internal revenue		Other receipts ³	Total receipts by major sources ⁴	Refunds and transfers ⁷	Receipts, less refunds and transfers	Interfund transactions (deduct) ⁸	Net receipts
		Income and profits taxes	Other						
1955.....	\$606,396,634	\$49,914,825,888	\$16,373,865,694	\$2,559,107,420	\$69,454,195,640	\$9,064,451,745	\$60,389,743,895	\$181,235,203	\$60,208,508,692
1956.....	704,897,516	56,632,598,140	18,476,485,054	3,006,445,461	78,820,426,174	10,655,096,592	68,165,329,582	315,378,243	67,849,951,339
1957.....	754,461,446	60,560,424,638	19,611,546,168	2,748,872,386	83,675,304,639	12,646,654,662	71,028,649,978	466,763,865	70,561,886,113
1958.....	799,504,808	59,101,874,167	20,876,602,316	3,195,519,017	83,973,500,309	14,856,782,998	69,116,717,311	566,997,267	68,549,720,044
1959.....	948,412,215	58,826,253,507	20,971,719,301	3,157,881,036	83,904,266,060	15,634,013,346	68,270,252,715	354,904,091	67,915,348,624
1960.....	1,123,037,579	67,125,125,683	24,649,677,141	4,064,357,669	96,962,198,071	18,504,765,198	78,457,432,873	693,972,652	77,763,460,221
1961.....	1,007,755,214	67,917,940,793	26,483,145,605	4,082,499,734	99,491,341,346	21,177,963,732	78,313,377,614	653,952,709	77,659,424,906
1962.....	1,171,205,974	71,945,304,905	27,495,534,340	3,205,528,779	103,817,573,998	21,775,825,509	82,041,748,489	632,656,417	81,409,092,073
1963.....	1,240,537,884	75,323,714,353	30,601,680,928	4,435,613,440	111,601,546,606	24,711,939,419	86,889,607,187	513,396,839	86,376,210,348
1964.....	1,284,176,379	78,891,217,620	33,369,039,495	4,077,121,266	117,621,554,760	27,499,269,069	90,122,285,691	663,621,619	89,458,664,072
1965.....	1,477,548,820	79,792,016,279	34,642,617,442	4,622,351,942	120,534,534,483	26,592,872,291	93,941,662,193	869,865,301	93,071,796,892
1966.....	1,811,170,211	92,131,794,215	36,748,167,127	5,865,312,675	136,556,444,229	31,194,667,512	105,361,776,717	634,513,049	104,727,263,668

¹ From 1789 to 1842 the fiscal year ended Dec. 31; from 1844 to date, on June 30. Figures for 1843 are for a half year, Jan. 1 to June 30.

² Includes the tonnage tax through 1931. Beginning with 1932 the tonnage tax has been covered into the general fund as miscellaneous receipts and is included in this table in "Other receipts."

³ For postal receipts and expenditures, see table 26.

⁴ Effective Jan. 3, 1949, amounts refunded by the Government, principally for overpayment of taxes, are reported as deductions from total receipts rather than as expenditures. Also, effective July 1, 1948, payments to the Treasury, principally by wholly owned Government corporations for retirement of capital stock and for disposition of earnings, are excluded in reporting both budget receipts and expenditures. Neither change affects the budget surplus or deficit. Figures beginning with fiscal 1931 have been adjusted accordingly for comparability. For adjustments for refunds of receipts see table 3. For capital transfers for fiscal 1931 through 1948, see 1958 annual report, p. 396; footnote 3.

⁵ Includes all military and civil expenditures of the Departments of the Army (including the Panama Canal), the Navy, and beginning with fiscal 1949 the Air Force, except civil expenditures of War and Navy at Washington through fiscal 1915. Department of the Army expenditures include those of the Department of the Air Force (established Sept. 18, 1947) from funds made available before fiscal 1949. Beginning with fiscal 1952 expenditures of the Department of Defense not classified among its three departments are included under "Other." Military assistance expenditures for foreign aid programs are included under "Other."

⁶ The practice of including statutory debt retirements in budget expenditures was discontinued effective with fiscal 1948. Such expenditures are not included in this table, nor does the "Surplus or deficit" take into account such expenditures. Table 46 shows details of statutory debt retirements.

Administrative Budget

TABLES

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Year ¹	Expenditures								Surplus, or deficit (-) ⁶
	Department of the Army ³	Department of the Navy ³	Department of the Air Force ³	Interest on the public debt	Other ³	Total expenditures by major purposes ⁴	Interfund transactions (deduct) ⁵	Total expenditures ⁴	
1955.....	\$9,450,383,082	\$9,731,611,019	\$16,405,038,348	\$6,370,361,774	\$22,612,578,594	\$64,569,972,817	\$181,235,203	\$64,388,737,614	-\$4,180,228,921
1956.....	9,274,300,874	9,743,715,334	16,749,647,622	6,786,598,862	23,985,513,486	66,539,776,178	315,378,243	66,224,397,935	1,625,553,403
1957.....	9,704,788,331	10,397,223,998	18,360,926,051	7,244,193,486	23,725,946,561	69,433,078,427	466,763,865	68,966,314,562	1,595,571,550
1958.....	9,775,877,444	10,913,287,404	18,436,830,585	7,606,774,062	25,203,401,856	71,936,171,353	566,997,267	71,369,174,086	-2,819,454,041
1959.....	10,284,059,445	11,720,053,749	19,083,326,404	7,592,769,102	32,017,030,764	80,697,239,466	354,904,091	80,342,335,375	-12,426,986,751
1960.....	10,293,993,401	11,642,486,702	19,065,244,298	9,179,588,857	27,052,072,193	77,233,385,451	693,972,652	76,539,412,799	1,224,047,422
1961.....	11,102,620,707	12,214,297,075	19,777,722,554	8,957,241,615	30,117,238,211	82,169,120,163	653,952,709	81,515,167,454	-3,855,742,548
1962.....	12,425,939,098	13,260,183,267	20,839,825,719	9,119,759,808	32,773,715,105	88,419,422,997	632,656,417	87,786,766,581	-6,377,674,508
1963.....	12,782,038,071	14,092,991,160	20,822,869,577	9,895,303,949	35,561,991,141	93,155,193,898	513,396,839	92,641,797,059	-6,265,586,711
1964.....	13,406,914,629	14,652,424,948	20,749,576,521	10,665,858,127	38,873,222,190	98,347,996,414	663,621,619	97,684,374,795	-8,225,710,723
1965.....	13,040,706,276	13,553,468,854	18,471,150,005	11,346,454,580	40,964,989,796	97,376,769,511	869,865,301	96,506,904,210	-3,435,107,319
1966.....	16,344,522,747	16,204,639,459	20,393,277,240	12,013,862,667	42,656,555,091	107,612,857,204	634,513,049	106,978,344,155	-2,251,080,487

¹ Refunds of receipts and transfers to trust funds. For content see table 3.

³ For content see 1961 annual report, pp. 450-457, 1965 report p. 517, and table 8, this report.

⁴ Sec. 114(f) of the Economic Cooperation Act of 1948, approved Apr. 3, 1948, required that \$3,000,000,000 be transferred to the "Foreign Economic Cooperation Trust Fund" and "considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures." The effect of this was to charge the budget in fiscal 1948 for expenditures made in fiscal 1949, with consequent effect on the budget surplus or deficit of those years. This bookkeeping transaction had no effect on the actual timing of either receipts or expenditures. In order to simplify comparison of figures between years, the transactions shown in this table do not take into account the transfer of \$3,000,000,000 in fiscal 1948 to the Foreign Economic Cooperation trust fund; expenditures of \$3,000,000,000 during fiscal 1949 from the Foreign Economic Cooperation trust

fund are treated as budget expenditures in this table. If effect is given to sec. 114(f) of the Economic Cooperation Act of 1948, the budget results for the fiscal years 1948 and 1949 would be as follows:

	Fiscal year 1948	Fiscal year 1949
Budget receipts.....	\$41,374,701,989	\$37,662,972,939
Budget expenditures.....	35,955,232,145	36,474,412,987
Budget surplus.....	5,419,469,844	1,188,559,952

¹⁰ Beginning with fiscal 1951, investments of wholly owned Government corporations in public debt securities are excluded from budget expenditures and included in "Trust and other transactions." See tables 6 and 16.

TABLE 3.—*Refunds of receipts and transfers*
 [On basis of daily Treasury statements through 1952; thereafter on basis of "Monthly Statement of

Fiscal year	Refunds of receipts ^{1 2}					Transfers to trust funds ^{3 4}
	Internal revenue applicable to— ³		Customs	Other	Total refunds of receipts	Federal hospital insurance trust fund
	Budget accounts	Trust accounts				
1931.....	\$52,561,657	-----	\$21,369,007	\$151,045	\$74,081,709	-----
1932.....	64,528,539	-----	17,202,969	80,813	81,812,320	-----
1933.....	45,814,734	-----	12,576,842	92,224	58,483,799	-----
1934.....	37,195,935	-----	14,046,350	43,853	51,286,138	-----
1935.....	49,747,858	-----	20,715,688	89,811	70,553,357	-----
1936.....	32,914,628	-----	14,085,195	20,103	47,019,926	-----
1937.....	33,405,891	-----	16,549,408	34,242	49,989,542	-----
1938.....	76,842,701	-----	16,156,340	38,437	93,037,478	-----
1939.....	44,684,686	-----	16,678,803	63,194	61,426,683	-----
1940.....	61,154,655	-----	17,500,945	49,295	78,704,894	-----
1941.....	52,802,242	-----	27,331,472	55,755	80,189,469	-----
1942.....	65,192,248	-----	19,495,861	87,429	84,775,537	-----
1943.....	53,834,008	-----	16,404,512	86,888	70,325,408	-----
1944.....	242,856,877	-----	14,200,774	196,617	257,254,269	-----
1945.....	1,664,545,567	-----	13,843,208	389,150	1,678,777,924	-----
1946.....	2,957,114,348	-----	11,224,891	4,688,639	2,973,027,879	-----
1947.....	2,982,487,490	-----	17,480,263	6,122,643	3,006,090,396	-----
1948.....	2,250,391,383	-----	19,050,115	2,433,279	2,271,874,777	-----
1949.....	2,817,005,313	-----	17,173,186	3,363,506	2,837,542,006	-----
1950.....	2,135,455,950	-----	16,091,134	7,959,405	2,159,506,489	-----
1951.....	2,082,431,536	-----	15,324,391	8,774,689	2,106,530,616	-----
1952.....	2,275,188,203	-----	17,520,381	9,497,810	2,302,206,394	-----
1953.....	3,094,798,198	\$33,000,000	16,949,065	6,091,123	3,150,838,386	-----
1954.....	3,345,495,593	40,500,000	20,481,971	11,259,809	3,417,737,374	-----
1955.....	3,399,978,359	51,000,000	21,619,848	4,389,417	3,476,987,625	-----
1956.....	3,652,611,883	66,000,000	23,176,262	8,241,988	3,750,030,132	-----
1957.....	3,894,119,614	58,206,830	19,907,757	3,315,117	3,975,549,317	-----
1958.....	4,412,603,597	165,378,009	17,837,948	2,191,001	4,598,010,555	-----
1959.....	4,907,159,180	180,329,743	23,220,638	3,043,107	5,113,752,669	-----
1960.....	5,024,470,807	192,662,543	18,483,391	1,897,066	5,237,513,807	-----
1961.....	5,724,571,444	223,737,682	25,439,532	2,260,573	5,976,009,231	-----
1962.....	5,957,115,953	278,008,196	29,319,402	1,225,761	6,265,669,311	-----
1963.....	6,266,560,113	268,950,960	35,174,904	700,987	6,571,386,963	-----
1964.....	6,817,461,650	297,114,145	32,313,299	1,196,525	7,148,085,619	-----
1965.....	5,668,191,495	322,985,824	35,205,161	3,161,988	6,029,544,469	-----
1966.....	6,857,047,024	353,620,353	44,627,265	285,306	7,255,579,949	\$862,000,000

¹ Refunds of principal only; interest is included in expenditures.

² Internal revenue refunds by States for fiscal 1966 are shown in table 22.

³ Beginning fiscal 1953, the principal amounts for refunds of employment taxes and certain excise taxes

to trust funds, fiscal years 1931-66

Receipts and Expenditures of the United States Government," see "Bases of Tables")

Transfers to trust funds ³ —Continued						Total refunds and transfers
Federal old-age and survivors insurance trust fund	Federal disability insurance trust fund	Highway trust fund	Railroad retirement account	Unemploy- ment trust fund	Total trans- fers to trust accounts	
						\$74,081,709
						81,812,320
						58,483,799
						51,286,138
						70,553,357
						47,019,926
\$265,000,000					\$265,000,000	314,989,542
387,000,000			\$146,402,587		533,402,587	626,440,065
503,000,000			107,097,413		610,097,413	671,524,096
550,000,000			120,650,000		670,650,000	749,354,895
688,140,728			124,350,000		812,490,728	892,680,197
895,618,839			140,850,000		1,036,468,839	1,121,244,376
1,130,495,201			214,801,000		1,345,296,201	1,415,621,609
1,292,122,434			256,357,343		1,548,479,777	1,805,734,046
1,309,919,400			286,305,382		1,596,224,782	3,275,002,706
1,238,218,447			255,485,254		1,493,703,701	4,466,731,580
1,459,491,921			256,425,254		1,715,917,175	4,722,007,571
1,616,162,044			722,591,651		2,338,753,695	4,610,628,472
1,690,295,705			550,118,361		2,240,414,065	5,077,956,071
2,106,387,806			549,832,720		2,656,220,526	4,815,727,015
3,119,536,744			574,991,049		3,694,527,792	5,801,058,408
3,568,556,584			737,662,028		4,306,218,612	6,608,425,006
4,053,293,392			619,958,843		4,673,252,235	7,824,090,622
4,496,769,800			603,041,575		5,099,811,375	8,517,548,749
4,988,572,594			598,891,526		5,587,464,120	9,064,451,745
6,270,804,603			634,261,857		6,905,066,460	10,655,096,592
6,243,000,673	\$333,276,575	\$1,478,908,221	615,919,876		8,671,105,345	12,646,654,662
6,794,896,660	862,861,610	2,026,115,202	574,898,971		10,258,772,443	14,856,782,998
7,083,993,756	836,931,036	2,074,116,121	525,219,764		10,520,260,677	15,634,013,346
9,192,428,378	928,931,781	2,539,026,576	606,864,657		13,267,251,392	18,504,765,198
10,537,230,762	953,312,408	2,797,537,781	570,712,994	\$343,160,557	15,201,954,501	21,177,963,732
10,600,021,548	944,542,132	2,948,690,128	564,264,483	452,637,906	15,510,156,198	21,775,825,509
12,351,191,003	993,762,625	3,278,697,756	571,534,041	945,367,031	18,140,552,456	24,711,239,419
14,335,126,928	1,056,855,735	3,519,156,643	593,476,801	846,567,343	20,351,183,450	27,499,269,069
14,572,359,321	1,082,023,273	3,658,509,171	635,545,447	614,890,610	20,563,327,822	26,592,872,291
16,473,515,656	1,442,297,361	3,916,802,919	683,457,733	561,013,894	23,939,087,563	31,194,667,512

(highway) are excluded from the transfers and are included with refunds of internal revenue receipts, applicable to trust accounts.

⁴ Tax receipts transferred and appropriated to the respective trust accounts. Details of these trust funds may be found in the table for each fund, beginning with table 66 of this annual report.

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TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966

(In thousands of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables")

Receipts ¹	1964 ²	1965 ²	1966
Internal revenue:			
Individual income taxes:			
Withheld ³	39,258,881	36,840,394	⁴ 42,811,381
Other ³	15,331,473	16,820,288	⁴ 18,486,170
Total individual income taxes.....	54,590,354	53,660,683	61,297,552
Corporation income taxes.....	24,300,863	26,131,334	30,834,243
Excise taxes.....	13,950,232	14,792,779	13,398,112
Employment taxes:			
Federal Insurance Contributions Act and Self-Employment Contributions Act ³	15,557,783	15,846,073	⁴ 19,005,488
Railroad Retirement Tax Act.....	593,864	635,734	683,631
Federal Unemployment Tax Act.....	850,858	622,499	567,014
Total employment taxes.....	17,002,504	17,104,306	20,256,133
Estate and gift taxes.....	2,416,303	2,745,532	3,093,922
Total internal revenue.....	112,260,257	114,434,634	128,879,961
Customs.....	1,284,176	1,477,549	1,811,170
Miscellaneous receipts:			
Interest.....	954,625	1,077,419	846,731
Dividends and other earnings.....	983,911	1,392,918	1,731,401
Realization upon loans and investments.....	752,312	496,249	359,474
Recoveries and refunds.....	129,711	131,852	131,783
Royalties.....	130,560	132,059	207,816
Sales of Government property and products.....	740,516	858,760	1,438,501
Seigniorage.....	68,745	116,997	648,804
Other.....	316,741	416,097	500,803
Total miscellaneous receipts.....	4,077,121	4,622,352	5,865,313
Subtotal gross receipts.....	117,621,555	120,534,534	136,556,444
Deduct:			
Refunds of receipts:			
Internal revenue:			
Applicable to budget accounts:			
Individual income taxes.....	5,893,412	4,869,011	5,851,430
Corporation income taxes.....	808,341	670,389	761,215
Excise taxes.....	93,004	99,423	216,797
Estate and gift taxes.....	22,704	29,369	27,605
Applicable to trust accounts:			
Federal old-age and survivors insurance trust fund.....	152,470	178,626	212,079
Federal disability insurance trust fund.....	13,330	13,064	15,596
Federal hospital insurance trust fund.....			
Highway trust fund.....	126,637	123,498	119,772
Railroad retirement account.....	387	189	173
Unemployment trust fund.....	4,291	7,609	6,000
Subtotal internal revenue refunds.....	7,114,576	5,991,177	7,210,667
Customs.....	32,313	35,205	44,627
Other.....	1,197	3,162	285
Total refunds of receipts.....	7,148,086	6,029,544	7,255,580
Transfers to trust accounts: ⁵			
Federal old-age and survivors insurance trust fund ³	14,335,127	14,572,359	⁴ 16,473,516
Federal disability insurance trust fund ³	1,056,856	1,082,023	⁴ 1,442,297
Federal hospital insurance trust fund ³			862,000
Highway trust fund.....	3,519,157	3,638,509	3,916,803
Railroad retirement account.....	593,477	635,545	683,458
Unemployment trust fund.....	846,567	614,891	561,014
Total transfers to trust accounts.....	20,351,183	20,563,328	23,939,088

Footnotes at end of table.

TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

[In thousands of dollars]

Receipts ¹ and expenditures	1964 ²	1965 ²	1966
Deduct—Continued			
Interfund transactions:			
Interest on loans to Government-owned enterprises.....	648,044	852,289	617,158
Reimbursements.....	15,108	17,155	16,937
Fees and other charges.....	469	421	418
Total interfund transactions ⁶	663,622	869,865	634,513
Total deductions.....	28,162,891	27,462,738	31,829,181
Net administrative budget receipts.....	89,458,664	93,071,797	104,727,264
Expenditures ⁷			
Legislative branch:			
Senate.....	29,305	33,261	35,388
House of Representatives.....	50,133	58,212	68,095
Joint items for Senate and House.....	6,129	6,414	8,382
Architect of the Capitol.....	23,150	25,459	26,158
Botanic Garden.....	516	532	497
Library of Congress.....	21,197	23,848	25,187
Government Printing Office:			
General fund appropriations.....	22,125	23,842	26,488
Revolving fund (net).....	-1,044	-6,388	-4,826
Total legislative branch.....	151,512	165,180	185,369
The judiciary:			
Supreme Court of the United States.....	2,108	2,491	2,498
Court of Customs and Patent Appeals.....	389	414	419
Customs Court.....	917	1,053	1,121
Court of Claims.....	1,107	1,244	1,320
Courts of appeals, district courts, and other judicial services.....	60,606	68,853	73,805
Total the judiciary.....	65,127	74,056	79,163
Executive Office of the President:			
Compensation of the President.....	150	150	150
The White House Office.....	2,705	2,872	2,818
Special projects.....	1,212	1,090	818
Executive mansion.....	662	686	687
Bureau of the Budget.....	6,636	7,089	7,627
Council of Economic Advisers.....	613	655	738
National Aeronautics and Space Council.....	419	459	490
National Security Council.....	515	608	613
Office of Emergency Planning:			
Civil defense and defense mobilization functions of Federal agencies.....	3,789	3,915	4,401
Other.....	5,137	5,152	6,660
Office of Science and Technology.....	823	930	948
Special representative for trade negotiations.....	400	562	535
Miscellaneous.....	-156	-151	-272
Total Executive Office of the President.....	22,904	24,018	26,213
Funds appropriated to the President:			
Alaska programs.....	19,430	522	5,433
Disaster relief.....	21,191	43,461	132,492
Emergency fund for the President.....	509	940	48
Expansion of defense production (net).....	90,883	59,553	-151,995
Expenses of management improvement.....	181	335	378
International financial institutions:			
Investment in Inter-American Development Bank.....	50,000		
Subscription to the International Development Association.....	61,656	61,656	
Increase in quota in the International Monetary Fund.....		258,750	
Office of Economic Opportunity:			
Economic opportunity program.....		194,076	988,280
Public enterprise funds (net).....		17,158	29,565
Peace Corps.....	60,397	78,573	94,378
Public works acceleration.....	331,820	321,625	88,168
Southeast hurricane disaster.....			28,498
Miscellaneous.....	673	636	219

Footnotes at end of table.

TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

[In thousands of dollars]

Expenditures ¹	1964 ²	1965 ²	1966
Funds appropriated to the President—Continued			
Military assistance:			
Office of Secretary of Defense:			
Repayment of credit sales	-48,154	-41,069	
Other	85,783	52,810	73,587
Department of the Army	620,935	581,037	511,657
Department of the Navy	202,365	196,235	191,664
Department of the Air Force	612,610	434,871	280,129
Agency for International Development	2,576	1,538	66
All other agencies	9,162	3,158	980
Foreign military sales fund (net) ³			-89,948
Total military assistance	1,485,277	1,228,579	968,135
Economic assistance:			
Technical cooperation and development grants:			
General	226,305	226,987	224,243
Alliance for Progress	94,430	97,703	103,580
Social progress fund, Inter-American Development Bank	65,000	67,016	64,295
Supporting assistance	370,969	387,251	500,356
International organizations and programs	178,890	99,711	84,615
Contingencies	121,804	150,807	133,736
Other	63,600	63,418	71,810
Public enterprise funds (net):			
Alliance for Progress, development loans	112,580	201,818	290,896
Development loan funds	768,045	754,468	676,902
Foreign investment guarantee fund	-4,831	-7,778	-9,825
Total economic assistance	1,996,793	2,041,400	2,140,610
Total funds appropriated to the President	4,118,812	4,307,263	4,324,210
Agriculture Department:			
Agricultural Research Service:			
Intragovernmental funds (net)	-14	-67	-164
Other	191,833	209,933	202,002
Cooperative State Research Service	41,614	46,867	52,364
Extension Service	79,402	84,732	89,611
Farmer Cooperative Service	1,213	1,119	1,140
Soil Conservation Service:			
Conservation operations	96,214	105,471	110,789
Flood prevention, watershed protection, and other	85,158	91,324	102,293
Great Plains conservation program	11,882	12,493	13,591
Economic Research Service	10,016	10,138	11,045
Statistical Reporting Service	11,184	11,587	14,003
Consumer and Marketing Service:			
Consumer protective, marketing, and regulatory programs	43,540	39,991	76,907
Payments to States and possessions	1,500	1,500	1,750
Special milk program	97,484	86,609	97,004
School lunch program	180,664	178,580	196,658
Food stamp program		34,395	69,491
Removal of surplus agricultural commodities	270,059	272,932	117,745
Intragovernmental funds (net)	-92	103	3
Other	835	847	828
Total Consumer and Marketing Service	593,990	614,957	560,386
Foreign Agricultural Service	19,935	18,482	20,096
International Agricultural Development Service			-388
Commodity Exchange Authority	1,117	1,144	1,192
Agricultural Stabilization and Conservation Service:			
Expenses	116,736	107,886	126,490
Sugar Act program	87,071	92,108	87,685
Agricultural conservation program	213,563	216,139	209,516
Appalachian region conservation program		215	728
Cropland conversion program	7,097	9,667	1,921
Cropland adjustment program			5,592
Emergency conservation measures	3,393	10,008	13,190
Soil bank program	289,933	193,698	150,993
Indemnity payments to dairy farmers		261	214
Total Agricultural Stabilization and Conservation Service	717,794	629,982	596,329

Footnotes at end of table.

TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

(In thousands of dollars)

Expenditures ¹	1964 ²	1965 ²	1966
Agriculture Department—Continued			
Commodity Credit Corporation:			
Public enterprise funds (net):			
Price support and related programs ³	3,174,896	2,645,754	1,535,920
Special activities ¹⁰	36,390	—740,268	—17,083
Foreign assistance and special export programs	1,889,044	2,492,151	1,685,544
Total Commodity Credit Corporation and foreign assistance and special export programs	5,100,330	4,397,638	3,204,381
Federal Crop Insurance Corporation:			
Administrative expenses	7,134	7,518	8,225
Federal Crop Insurance Corporation fund (net)	—819	903	10,496
Rural Electrification Administration:			
Loans	330,194	380,582	360,982
Salaries and expenses	11,354	11,832	11,878
Farmers Home Administration:			
Rural housing grants and loans	130,578	134,656	9,252
Community development programs	143	946	1,167
Salaries and expenses	39,127	41,333	47,810
Public enterprise funds (net):			
Direct loan account	56,129	67,971	—31,352
Rural housing insurance fund			31,408
Emergency credit revolving fund	—9,138	30,257	18,684
Agricultural credit insurance fund	42,461	9,000	87,534
Rural housing direct loan account	100	1,008	3,035
Total Farmers Home Administration	259,400	285,171	167,538
Rural Community Development Service	187	274	708
Office of the Inspector General		9,703	10,228
Office of General Counsel	4,032	3,965	4,087
Office of Information	1,644	1,698	1,677
National Agricultural Library	1,460	1,627	1,751
Office of Management Services		2,401	2,476
General administration:			
Intragovernmental funds (net)	—330	41	119
Salaries and expenses	3,902	3,487	3,627
Forest Service:			
Intragovernmental funds (net)	—1,183	—1,671	—3,227
Other	318,223	354,721	389,345
Total Agriculture Department	7,896,864	7,298,052	5,948,580
Commerce Department:			
General Administration:			
Public enterprise funds (net)	—18	—7	6
Other	15,518	6,655	5,301
Economic development:			
Appalachian assistance		(*)	1,760
Economic Development Administration:			
Economic development revolving fund (net)	—2,389	—4,594	—7,949
Other	71,600	80,596	63,471
Regional Planning Assistance			731
Community Relations Service		493	1,251
U.S. Travel Service	2,561	2,432	3,101
Office of Business Economics	1,908	2,312	2,643
Bureau of the Census	30,274	37,797	25,620
Business and Defense Services Administration	5,071	4,830	5,176
International activities	12,002	14,257	15,190
Office of Field Services	3,637	4,110	4,184
Total economic development	124,665	142,233	115,177
Science and technology:			
Environmental Science Services Administration	122,896	134,343	151,843
Patent Office	27,277	30,652	33,810
National Bureau of Standards:			
Intragovernmental funds (net)	—2,391	7,622	—5,884
Other	51,065	56,768	60,825
Office of State Technical Services			1,461
Total science and technology	198,847	229,385	242,054

Footnotes at end of table.

TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

[In thousands of dollars]

Expenditures ¹	1964 ²	1965 ²	1966
Commerce Department—Continued			
Transportation:			
Inland Waterways Corporation (net).....	—800		
Maritime Administration:			
Public enterprise funds (net).....	5,150	—2,365	4,751
Operating-differential subsidies.....	203,037	213,334	186,628
Other.....	98,662	125,759	111,475
Bureau of Public Roads: ¹¹			
Advances to the highway trust fund (net).....			
Other.....	40,359	42,307	59,519
Transportation research and development.....	922	1,096	5,145
Total transportation.....	347,332	380,131	367,518
Total Commerce Department.....	686,344	758,397	730,057
Defense Department:			
Military:			
Military personnel:			
Department of the Army.....	4,602,457	4,696,875	5,504,778
Department of the Navy.....	3,833,389	4,020,657	4,639,498
Department of the Air Force.....	4,549,838	4,669,092	5,017,980
Defense agencies.....	1,209,447	1,384,286	1,591,097
Total military personnel.....	14,195,131	14,770,910	16,753,352
Operation and maintenance:			
Department of the Army.....	3,637,623	3,681,146	4,752,060
Department of the Navy.....	3,071,007	3,369,994	4,057,371
Department of the Air Force.....	4,718,975	4,771,019	5,176,406
Defense agencies.....	504,435	526,558	723,977
Total operation and maintenance.....	11,932,040	12,348,718	14,709,815
Procurement:			
Department of the Army.....	2,314,565	1,764,065	2,670,776
Department of the Navy.....	6,042,190	4,932,523	5,236,881
Department of the Air Force.....	6,959,249	5,100,536	6,413,926
Defense agencies.....	34,822	42,216	16,954
Total procurement.....	15,350,826	11,839,339	14,338,537
Research, development, test, and evaluation:			
Department of the Army.....	1,338,005	1,344,396	1,412,279
Department of the Navy.....	1,577,846	1,293,639	1,406,832
Department of the Air Force.....	3,721,620	3,145,756	2,948,204
Defense agencies.....	383,977	452,425	491,768
Total research, development, test, and evaluation.....	7,021,448	6,236,216	6,259,083
Military construction:			
Department of the Army.....	232,523	216,272	332,028
Department of the Navy.....	190,275	251,900	451,768
Department of the Air Force.....	554,361	507,066	526,627
Defense agencies.....	49,134	31,669	23,141
Total military construction.....	1,026,292	1,006,908	1,333,564
Family housing:			
Department of the Army.....	204,015	206,538	203,612
Department of the Navy.....	132,386	154,592	178,828
Department of the Air Force.....	240,903	255,106	262,614
Defense agencies.....	2,215	2,418	2,416
Total family housing.....	579,519	618,653	647,470
Civil defense.....	106,825	92,726	86,051

Footnotes at end of table.

TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

[In thousands of dollars]

Expenditures ¹	1964 ²	1965 ²	1966
Defense Department—Continued			
Military—Continued			
Revolving and management funds (net):			
Public enterprise funds:			
Defense production guarantees:			
Department of the Army.....	-37	-37	-1,668
Department of the Navy.....	1,095	-1,236	-543
Department of the Air Force.....	2,672	-1,211	2,377
Defense agencies.....	-1	(*)	-----
Other:			
Department of the Navy.....	42	-14	-51
Civil defense procurement funds.....	(*)	-8	(*)
Intragovernmental funds:			
Department of the Army.....	-75,244	-102,360	161,536
Department of the Navy.....	-195,808	-468,589	234,057
Department of the Air Force.....	1,933	23,753	45,104
Defense agencies.....	-187,136	-190,900	-159,677
Undistributed stock fund transactions.....	-----	-----	-----
Total revolving and management funds.....	-452,483	-740,601	281,135
Total military.....	49,759,598	46,172,869	54,409,007
Civil:			
Department of the Army:			
Corps of Engineers:			
Rivers and harbors and flood control.....	1,091,869	1,177,364	1,246,251
Intragovernmental funds (net).....	839	-8,392	4,197
The Panama Canal:			
Canal Zone Government.....	30,806	32,986	36,565
Panama Canal Company:			
Public enterprise funds (net).....	2,074	3,100	-4,310
Thatcher Ferry Bridge.....	-311	327	-1
Total the Panama Canal.....	32,569	36,412	32,254
Other.....	27,730	28,338	26,419
Navy, wildlife conservation, etc.....	2	3	-2
Air Force, wildlife conservation, etc.....	25	34	40
Total civil.....	1,153,035	1,233,759	1,309,159
Total Defense Department.....	50,912,634	47,406,629	55,718,166
Health, Education, and Welfare Department:			
Food and Drug Administration:			
Public enterprise fund (net).....	-111	-199	-235
Other.....	38,386	40,848	45,406
Office of Education:			
Student loan insurance fund (net).....	-----	-----	-----
Assistance for vocational education.....	41,076	131,525	135,779
Aid to federally impacted areas.....	334,289	349,671	409,593
Elementary and secondary educational activities.....	-----	-----	815,099
Higher educational activities.....	-----	-----	35,232
Higher educational facilities construction.....	-----	3,588	106,959
Defense educational activities.....	239,576	270,284	346,497
Other.....	44,947	86,807	122,961
Total Office of Education.....	659,888	841,875	1,972,140
Vocational Rehabilitation Administration:			
Grants for rehabilitation services and facilities.....	84,287	95,661	152,521
Other.....	35,621	41,653	49,534

Footnotes at end of table.

TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

(In thousands of dollars)

Expenditures ¹	1964 ²	1965 ²	1966
Health, Education and Welfare Department—Continued			
Public Health Service:			
Community health:			
Hospital construction activities.....	194,482	203,518	201,739
Other.....	119,259	159,173	198,497
Environmental health.....	47,089	52,138	62,677
Medical services.....	124,683	132,773	139,829
National Institutes of Health.....	909,601	779,787	893,724
Operation of commissaries, narcotic hospitals (net).....	-3	7	13
Emergency health activities.....	20,080	12,631	15,082
Other.....	36,091	12,211	40,158
Total Public Health Service.....	1,451,282	1,352,238	1,551,719
Federal Water Pollution Control Administration.....	94,337	100,824	116,508
St. Elizabeths Hospital.....	9,348	9,959	11,214
Social Security Administration:			
Operating fund, Bureau of Federal Credit Unions (net).....	116	-175	-43
Payment to trust funds for health insurance for the aged.....			
Payment for military service credits.....			
Other.....	5	78	-7
Welfare Administration:			
Grants to States for public assistance.....	2,944,052	3,059,498	3,527,534
Grants for maternal and child welfare.....	89,355	109,796	151,382
Other.....	60,928	54,770	51,966
Administration on Aging.....	509	572	2,191
Special institutions:			
American Printing House for the Blind.....	775	865	992
National Technical Institute for the Deaf.....			55
Freedmen's Hospital.....	4,174	3,929	4,359
Gallaudet College.....	2,354	4,355	3,619
Howard University.....	12,088	11,618	11,937
General administration and other:			
Intragovernmental funds (net).....	-81	-337	748
Other.....	10,419	12,334	15,420
Total Health, Education, and Welfare Department.....	5,497,732	5,740,161	7,668,960
Housing and Urban Development Department:			
Office of the Secretary:			
Public enterprise funds (net):			
College housing loans.....	219,334	220,744	312,359
Liquidating programs.....	-1,799	-985	-3,891
Urban renewal programs.....	235,012	324,352	356,720
Rehabilitation loan fund.....		180	1,830
Urban mass transportation fund.....	195	11,068	18,660
Other.....	79,919	87,508	87,876
Open space land and urban beautification.....	5,130	6,212	8,387
Other.....	31,214	34,486	25,857
Total Office of the Secretary.....	569,006	683,563	807,799
Federal National Mortgage Association (net):			
Loans to secondary market operations fund.....	4,460	-4,460	
Purchase of preferred stock.....	-70,820	-38,000	91,820
Management and liquidating functions.....	-138,359	-105,412	-114,120
Special assistance functions.....	-141,925	-375,849	-313,525
Participation sales fund.....		-24,927	¹² -129,119
Total Federal National Mortgage Association.....	-346,644	-548,648	-464,943
Federal Housing Administration:			
Public enterprise funds (net):			
Federal Housing Administration fund.....	-43,442	-115,350	191,189
Other.....			-3,964
Administrative expenses.....			252
Public housing programs (net).....	149,207	230,116	236,746
Total Housing and Urban Development Department.....	328,127	249,681	767,080

Footnotes at end of table.

TABLE 4.—*Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued*

[In thousands of dollars]

Expenditures ¹	1964 ²	1965 ²	1966
Interior Department:			
Public land management:			
Bureau of Land Management.....	118,599	131,345	144,548
Bureau of Indian Affairs:			
Public enterprise funds (net).....	5,093	178	—399
Other.....	199,123	234,483	231,316
Bureau of Outdoor Recreation.....	1,900	3,827	16,710
Office of Territories:			
Public enterprise funds (net).....	—103	280	—
Other.....	40,245	24,946	44,768
The Alaska Railroad (net).....	1,809	15,025	10,485
Total public land management.....	366,667	410,084	447,429
Mineral resources:			
Geological Survey.....	61,615	68,836	74,271
Bureau of Mines:			
Public enterprise funds (net).....	9,794	20,425	19,282
Other.....	38,854	40,962	43,999
Office of Coal Research.....	2,627	3,822	7,124
Office of Oil and Gas.....	613	686	731
Total mineral resources.....	113,503	134,730	145,408
Fish and wildlife and parks:			
Office of Commissioner of Fish and Wildlife.....	380	443	372
Bureau of Commercial Fisheries:			
Public enterprise funds (net).....	—537	391	343
Other.....	32,725	37,778	38,754
Bureau of Sport Fisheries and Wildlife.....	70,229	79,498	87,976
National Park Service.....	127,830	130,296	135,391
Total fish and wildlife and parks.....	230,627	248,407	262,835
Water and power development:			
Bureau of Reclamation:			
Public enterprise funds (net):			
Continuing fund for emergency expenses, Fort Peck project, Montana.....	—896	—2,332	—4,416
Upper Colorado River Basin fund.....	95,123	60,312	60,615
Other.....	245,156	269,966	310,825
Bonneville Power Administration:			
Public enterprise funds (net).....	44,991	54,895	70,220
Other.....	758	644	593
Southeastern Power Administration:			
Public enterprise funds (net).....	10,303	7,776	8,501
Other.....	9,494	11,468	12,955
Southwestern Power Administration:			
Public enterprise funds (net).....	404,929	402,730	459,291
Other.....	404,929	402,730	459,291
Office of Saline Water.....	404,929	402,730	459,291
Total water and power development.....	404,929	402,730	459,291
Secretarial offices:			
Office of the Solicitor.....	3,902	4,374	4,674
Office of the Secretary.....	3,831	4,206	4,857
Office of Water Resources Research.....	—	2,296	5,794
Virgin Islands Corporation (net).....	326	—2,074	1,055
Total Interior Department.....	1,123,784	1,204,753	1,331,343
Justice Department:			
Legal activities and general administration.....	60,893	64,830	68,630
Federal Bureau of Investigation.....	143,024	159,507	168,033
Immigration and Naturalization Service.....	67,101	72,207	74,813
Federal Prison Systems:			
Federal Prison Industries, Inc. (net).....	—4,610	—1,439	—6,214
Other.....	61,586	63,053	65,982
Total Justice Department.....	327,994	358,158	371,243

Footnotes at end of table.

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TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

[In thousands of dollars]

Expenditures ¹	1964 ²	1965 ²	1966
Labor Department:			
Manpower Administration:			
Public enterprise funds (net):			
Advances to employment security administration account, unemployment trust fund.....	-7,435	-2,226	-2,217
Farm labor supply revolving fund.....	-1,200	-358	-54
Manpower development and training activities.....	109,970	230,041	275,484
Bureau of Apprenticeship and Training.....	5,647	5,547	6,893
Payment to the Federal extended compensation account.....	-19,358		
Unemployment compensation for Federal employees and ex-servicemen.....	152,514	122,398	94,647
Other.....	9,250	7,870	13,823
Total Manpower Administration.....	249,389	363,272	388,577
Labor-management relations.....	7,995	8,035	7,803
Wage and labor standards:			
Bureau of Labor Standards.....	3,709	3,601	3,140
Women's Bureau.....	802	773	847
Wage and Hour Division.....	19,926	20,295	20,784
Bureau of Employees' Compensation:			
Employees compensation claims and expenses.....	58,812	52,658	48,515
Salaries and expenses.....	4,369	4,432	4,491
Total wage and labor standards.....	87,617	81,759	77,777
Bureau of Labor Statistics.....	17,870	18,161	19,006
Bureau of International Labor Affairs.....	938	722	1,014
Office of the Solicitor.....	4,616	4,851	5,302
Office of the Secretary.....	1,989	2,728	3,903
Total Labor Department.....	370,415	479,529	503,382
Post Office Department:			
Public enterprise fund (net)—postal fund.....	577,699	804,542	888,196
State Department:			
Administration of foreign affairs:			
Salaries and expenses.....	148,852	175,024	¹³ 177,089
Acquisition, operation and maintenance of buildings abroad.....	15,690	26,196	18,021
Intragovernmental funds (net).....	356	854	-166
Other.....	3,272	3,631	3,621
Total administration of foreign affairs.....	168,170	205,705	198,566
International organizations and conferences:			
Contributions to international organizations.....	99,503	86,790	94,376
Loans to the United Nations.....	4,193		
Other.....	4,931	5,852	6,053
International commissions.....	12,556	16,489	35,284
Educational exchange.....	45,956	58,358	60,821
Other.....	11,817	9,800	11,507
Total State Department.....	347,126	382,993	406,607
Treasury Department:			
Office of the Secretary:			
Public enterprise funds (net):			
Reconstruction Finance Corp. liquidation fund.....	-2,436	19	
Federal Farm Mortgage Corp. liquidation fund.....	-410	-277	-32
Civil defense program fund.....	-59	-28	
Intragovernmental funds (net).....	1	1	(*)
Other.....	5,283	5,812	6,085
Bureau of Accounts:			
Interest on uninvested funds.....	10,719	11,752	13,988
Claims, judgments, and relief acts.....	31,896	74,424	38,895
Government losses in shipment fund (net).....	339	44	135
Salaries and expenses.....	31,853	32,115	31,599
Other.....	(*)	1	(*)
Bureau of Customs:			
Intragovernmental funds (net).....		-1	1
Other.....	74,621	77,953	81,839

Footnotes at end of table.

TABLE 4.—*Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued*

[In thousands of dollars]

Expenditures ¹	1964 ²	1965 ²	1966
Treasury Department—Continued			
Bureau of Engraving and Printing:			
Intragovernmental funds (net).....	253	906	-2,159
Other.....	148	272	2,445
Bureau of the Mint.....	9,164	15,346	25,634
Bureau of Narcotics.....	5,389	5,458	5,729
Bureau of the Public Debt.....	48,545	49,651	50,174
Coast Guard:			
Intragovernmental funds (net).....	-1,630	-172	-6,819
Other.....	351,436	386,665	411,849
Internal Revenue Service:			
Interest on refunds of taxes.....	88,409	77,237	103,696
Payments to Puerto Rico for taxes collected.....	44,962	42,941	51,764
Other.....	560,196	586,627	611,167
Office of the Treasurer:			
Check forgery insurance fund (net).....	20	2	3
Other.....	13,657	6,342	6,096
U.S. Secret Service.....	9,134	10,462	13,729
Interest on the public debt (accrual basis):			
Public issues.....	9,280,107	9,803,834	10,358,671
Special issues.....	1,385,751	1,542,620	1,655,192
Total interest on the public debt.....	10,665,858	11,346,455	12,013,863
Total Treasury Department.....	11,947,349	12,730,006	13,459,683
Atomic Energy Commission.....	2,764,565	2,624,996	2,402,925
Federal Aviation Agency:			
Grants-in-aid for airports.....	65,248	70,598	53,989
Other.....	685,302	724,015	749,923
Total Federal Aviation Agency.....	750,550	694,613	803,913
General Services Administration:			
Real property activities:			
Construction, public buildings projects.....	160,818	136,033	166,526
Repair and improvement of public buildings.....	73,365	82,730	90,862
Intragovernmental funds (net).....	-21,162	12,531	3,030
Other.....	260,128	274,601	276,588
Personal property activities:			
Intragovernmental funds (net).....	28,313	13,356	-39,705
Other.....	46,610	53,426	58,495
Utilization and disposal activities.....	9,585	9,713	9,724
Records activities.....	14,546	16,011	16,513
Transportation and communications activities.....	4,230	7,382	2,831
Defense materials activities:			
Public enterprise funds (net).....	-	3	-
Intragovernmental funds (net).....	-114	68	-221
Strategic and critical materials.....	15,957	16,284	15,845
General activities:			
Public enterprise funds (net).....	-582	-218	-183
Intragovernmental funds (net).....	-729	-230	-1,319
Other.....	1,746	1,985	2,014
Total General Services Administration.....	592,711	623,676	601,001
National Aeronautics and Space Administration.....	4,170,997	5,092,904	5,932,989
Veterans' Administration:			
Compensation, pensions, and benefit programs.....	4,057,282	4,180,995	4,272,741
Public enterprise funds (net):			
Direct loan revolving fund.....	-32,303	-129,834	-658,953
Loan guaranty revolving fund.....	76,498	38,301	15,723
Other.....	-16,820	-29,095	-46,666
Other.....	1,393,444	1,427,577	1,486,820
Total Veterans' Administration.....	5,478,101	5,487,944	5,069,665

Footnotes at end of table.

TABLE 4.—Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued

(In thousands of dollars)

Expenditures ⁷	1964 ²	1965 ²	1966
Other independent agencies:			
Alaska Temporary Claims Commission.....		5	
American Battle Monuments Commission.....	1,786	1,952	1,994
Atlantic-Pacific Inter-oceanic Canal Study Commission.....		88	2,743
Central Intelligence Agency construction.....	285	354	360
Civil Aeronautics Board:			
Payments to air carriers.....	84,122	80,423	74,622
Salaries and expenses.....	10,023	11,205	10,856
Civil Service Commission:			
Payment to civil service retirement and disability fund.....	62,000	65,000	67,000
Government payment for annuitants, employees health benefits.....	24,300	27,010	29,220
Other.....	25,118	25,102	26,630
Total Civil Service Commission.....	111,418	117,112	122,850
Commission of Fine Arts.....	87	95	103
Commission on Civil Rights.....	817	1,151	1,520
Commission on International Rules of Judicial Procedure.....	7	(*)	25
Equal Employment Opportunity Commission.....		29	2,590
Export-Import Bank of Washington (net).....	-701,784	-357,231	-385,023
Farm Credit Administration (net):			
Revolving fund for administrative expenses.....	-161	99	531
Short-term credit investment fund.....	5,490	3,375	2,290
Banks for cooperatives investment fund.....	-13,926	-20,287	-10,051
Total Farm Credit Administration.....	-8,598	-16,813	-7,230
Federal Coal Mine Safety Board of Review.....	64	66	74
Federal Communications Commission.....	16,717	16,747	17,217
Federal Development Planning Committees for Alaska.....	-30	87	138
Federal Home Loan Bank Board (net):			
Federal Savings and Loan Insurance Corp. fund.....	-248,096	-204,698	-255,423
Other.....	-322	134	-35
Federal Maritime Commission.....	2,611	2,857	3,091
Federal Mediation and Conciliation Service.....	5,702	6,284	6,550
Federal Power Commission.....	12,324	13,116	13,402
Federal Radiation Council.....			77
Federal Trade Commission.....	12,118	13,662	13,648
Foreign Claims Settlement Commission.....	8,924	35,047	1,853
General Accounting Office.....	45,116	44,948	46,136
Historical and memorial commissions.....	123	135	120
Indian Claims Commission.....	294	303	313
Intergovernmental commissions:			
Advisory Commission on Intergovernmental Relations.....	366	422	430
Appalachian Regional Commission.....		40	612
Commission on Status of Puerto Rico.....		44	227
Delaware River Basin Commission.....	153	131	140
Interstate Commission on the Potomac River Basin.....	5	5	5
Interstate Commerce Commission.....	24,378	26,491	27,264
National Capital Housing Authority.....	43	39	41
National Capital Planning Commission.....	735	3,538	1,285
National Capital Transportation Agency.....	982	617	1,987
National Commission on Food Marketing.....		408	1,396
National Commission on Technology, Automation, and Economic Progress.....		134	413
National Council on the Arts.....		25	45
National Foundation on Arts and Humanities.....			1,183
National Labor Relations Board.....	22,049	25,221	28,372
National Mediation Board.....	1,939	1,892	1,907
National Science Foundation.....	310,072	308,892	368,248
Outdoor Recreation Resources Review Commission.....	(*)		
President's Advisory Committee on Labor-Management Policy.....	113	106	44
President's Commissions on Law Enforcement and Administration of Justice and on Crime in D.C.....			576
Public Land Law Review Commission.....			339
Railroad Retirement Board-Military service credits.....		13,834	16,568
Renegotiation Board.....	2,509	2,650	2,450
St. Lawrence Seaway Development Corp. (net).....	154	905	1,216
Securities and Exchange Commission.....	14,337	15,276	15,820
Selective Service System.....	40,936	43,211	54,230

Footnotes at end of table.

TABLE 4.—*Administrative budget receipts and expenditures, fiscal years 1964, 1965, and 1966—Continued*

[In thousands of dollars]

Expenditures ¹	1964 ²	1965 ²	1966
Other independent agencies—Continued			
Small Business Administration:			
Public enterprise funds (net).....	124,316	236,221	-146,073
Salaries and expenses.....	8,591	6,658	6,329
Other.....	25	43	84
Total Small Business Administration.....	132,933	242,922	-139,660
Smithsonian Institution.....	21,791	27,986	29,871
Subversive Activities Control Board.....	348	409	363
Tariff Commission.....	2,932	3,271	3,246
Tax Court of the United States.....	1,928	2,087	2,126
Tennessee Valley Authority (net).....	59,291	47,937	53,905
U.S. Arms Control and Disarmament Agency.....	6,195	7,302	8,803
U.S. Information Agency:			
Informational media guarantee fund (net).....	940	873	-71
Salaries and expenses.....	140,620	150,168	154,220
Construction of radio facilities.....	12,157	6,639	7,221
Other.....	7,392	7,434	5,227
Total U.S. Information Agency.....	161,109	165,114	166,598
U.S. study commissions.....	170	(*)	.....
Water Resources Council.....	.....	.....	44
Total other independent agencies.....	159,177	707,967	322,659
District of Columbia:			
Federal payment to District of Columbia.....	40,368	40,720	47,372
Advances for general expenses (repayable).....	7,000	9,000	-5,000
Loans to District of Columbia for capital outlay.....	9,450	10,700	28,325
Advances to District of Columbia (stadium fund).....	656	832	757
Interfund transactions (-) ⁸	-663,622	-869,865	-634,513
Net administrative budget expenditures.....	97,684,375	96,506,904	106,978,344
Administrative budget surplus, or deficit (-).....	-8,225,711	-3,435,107	-2,251,080

*Less than \$500.

¹ Internal revenue and customs receipts are stated on a collection basis. Other receipts are reported on a deposits confirmed basis. See "Bases of Tables", annual report 1962, p. 502.² Certain figures for the fiscal years 1964 and 1965 have been adjusted to correspond to classifications for fiscal year 1966.³ Distribution between income taxes and employment taxes is made in accordance with provisions of sec. 201 of the Social Security Act, as amended, for transfer to the Federal old-age and survivors; Federal disability, and Federal hospital insurance trust funds (42 U.S.C. 401(a)).⁴ Includes adjustments of prior estimates as follows: Income taxes withheld, -\$122,142,802; income taxes—other, \$83,654,784; transfers to Federal old-age and survivors insurance trust fund, \$30,595,031; and transfers to Federal disability insurance trust fund, \$7,892,986.⁵ The principal amount of refunds of employment taxes and excise (highway) taxes are excluded from the transfers and are included in refunds of internal revenue receipts applicable to trust accounts.⁶ Mainly interest payments by Government corporations and agencies that borrow from the Treasury. For details of interfund transactions, fiscal years 1963-66, see table 8. These interfund transactions deducted from budget receipts and expenditures do not include payments to the Treasury by wholly owned Government corporations for retirement of their capital stock and for disposition of earnings. Those capital transfers have been excluded from budget receipts and expenditures since July 1, 1948.⁷ Expenditures are stated on the basis of checks issued (except interest on the public debt) and certain cash payments.⁸ Represents net cash transactions for Department of Defense pursuant to provisions in Public Law 89-171, approved Sept. 6, 1965.⁹ Residual of gross receipts and expenditures after reduction for certain costs which are included in amounts shown for special activities financed by Commodity Credit Corporation.¹⁰ Includes certain amounts transferred from price support operations for which expenditures may have been made in prior years, in addition to adjustments representing recoveries received from other programs.¹¹ Most Bureau of Public Roads expenditures are made from the highway trust fund and do not appear in this table.¹² The proceeds from sale of participation certificates amounting to \$1,834,008,630 were credited to this fund and paid to: the Veterans' Administration; the special assistance function fund, FNMA; the management and liquidating functions fund, FNMA; and the Small Business Administration.¹³ Gives effect to reimbursements collected for administrative support furnished to other agencies amounting to \$113,992,769.

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966

[In thousands of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Receipts	1964	1965	1966
Legislative branch:			
Payments from general fund.....	180	180	194
Other.....	1,831	1,463	2,456
The judiciary:			
Judicial survivors annuity fund:			
Contributions.....	645	790	827
Interest on investments.....	76	90	108
Funds appropriated to the President:			
Military assistance advances.....	719,701	824,431	707,945
Economic assistance.....	769	1,584	2,462
Other.....	164	231	539
Agriculture Department.....	55,711	57,948	60,798
Commerce Department:			
Highway trust fund: ¹			
Transfers from general fund receipts.....	3,645,793	3,782,008	4,036,575
Less refunds of taxes.....	-126,637	-123,498	-119,772
Advances from general fund.....			70,000
Less return of advances to the general fund.....			-70,000
Interest on investments.....	20,361	11,035	7,983
Total highway trust fund.....	3,539,518	3,669,544	3,924,786
Other.....	33,052	10,317	63,320
Defense Department:			
Military.....	5,178	5,745	21,849
Civil:			
Payments from general fund.....	3,057	3,136	3,195
Other.....	42,940	25,965	31,033
Health, Education, and Welfare Department:			
Federal old-age and survivors insurance trust fund: ²			
Transfers from general fund receipts:			
Appropriated.....	14,488,597	14,777,985	16,685,595
Unappropriated.....	-1,000	-27,000	
Less refunds of taxes.....	-152,470	-178,626	-212,079
Deposits by States.....	1,166,599	1,257,853	1,392,431
Interest and profits on investments.....	539,044	583,125	588,159
Interest payments by Railroad Retirement Board.....			
Federal payments for military service credits.....			
Other.....	2,604	3,190	6,890
Total Federal old-age and survivors insurance trust fund.....	16,043,374	16,416,527	18,460,796
Federal disability insurance trust fund: ³			
Transfers from general fund receipts:			
Appropriated.....	1,070,186	1,095,088	1,457,893
Unappropriated.....			
Less refunds of taxes.....	-13,330	-13,064	-15,596
Deposits by States.....	86,305	93,221	114,355
Interest and profits on investments.....	67,660	65,247	59,547
Interest payments by Railroad Retirement Board.....			
Federal payments for military service credits.....			
Other.....		17	26
Total Federal disability insurance trust fund.....	1,210,821	1,240,508	1,616,225
Federal hospital insurance trust fund: ⁴			
Transfer from general fund receipts.....			862,000
Less refunds of taxes.....			
Deposits by States.....			46,797
Interest and profits on investments.....			6,898
Total Federal hospital insurance trust fund.....			915,695
Other.....	867	338	300
Interior Department:			
Indian tribal funds.....	70,253	58,591	38,718
Payments from general fund.....	23,468	65,843	35,108
Other.....	10,835	12,870	12,672

Footnotes at end of table.

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966—Con.

[In thousands of dollars]

Receipts	1964	1965	1966
Labor Department:			
Unemployment trust fund: ⁵			
Employment security administration account:			
Transfers (Federal unemployment taxes):			
Appropriated.....	854,306	622,038	564,909
Unappropriated.....	-3,448	461	2,105
Less refunds of taxes.....	-4,291	-7,609	-6,000
Advances from general (revolving) fund.....	239,705	194,968	210,245
Less return of advances to the general fund.....	-244,205	-194,968	-210,245
State accounts—deposits by States.....	3,042,408	3,051,539	3,067,204
Federal unemployment account—less transfer of receipts to Labor.....		(*)	
Railroad unemployment insurance account:			
Deposits by Railroad Retirement Board.....	144,087	142,781	139,131
Advances from railroad retirement account.....	35,187	58,230	40,895
Railroad unemployment insurance administration fund:			
Deposits by Railroad Retirement Board.....	11,970	9,520	9,281
Federal extended compensation account:			
Advances from general fund.....	1		
Interest and profits on investments.....	212,608	255,265	308,683
Total unemployment trust fund.....	4,288,328	4,132,225	4,126,207
Other.....	89	130	120
State Department:			
Foreign service retirement and disability fund:			
Deductions from salaries and other receipts.....	3,440	3,878	4,142
Employing agency contributions.....	3,308	3,687	4,013
Receipts from civil service retirement and disability fund.....	385	796	934
Interest on investments.....	1,507	1,577	1,630
Other.....	338	1,258	281
Treasury Department:			
Atomic Energy Commission.....	20,054	24,235	28,755
General Services Administration.....	629	1,230	1,215
National Aeronautics and Space Administration.....	283	2,244	192
	201	541	20
Veterans' Administration:			
Government life insurance fund:			
Premiums and other receipts.....	15,805	14,733	13,860
Payments from general fund.....	-143	-119	85
Interest on investments.....	34,464	33,762	33,210
National service life insurance fund:			
Premiums and other receipts.....	478,300	472,984	496,960
Payments from general fund.....	5,969	7,029	5,171
Interest on investments.....	176,471	182,145	190,783
Other.....	1,870	1,811	1,918
Total Veterans' Administration.....	712,737	712,344	741,986
Other independent agencies:			
Civil Service Commission:			
Civil service retirement and disability fund:			
Deductions from employees' salaries, etc.....	979,886	1,050,416	1,096,745
Payments from other funds:			
Employing agency contributions.....	979,941	1,050,356	1,097,453
Federal contribution.....	62,000	65,000	67,000
Voluntary contributions, donations, etc.....	14,592	16,430	15,815
Interest and profits on investments.....	419,838	482,171	546,358
Total Civil Service Commission.....	2,456,257	2,664,373	2,823,371
Railroad Retirement Board:			
Railroad retirement account:			
Transfers (Railroad Act taxes):			
Appropriated.....	608,970	630,430	677,489
Unappropriated.....	-15,493	5,116	5,969
Fines and penalties.....	(*)		(*)
Interest and profits on investments.....	130,128	143,134	150,011
Interest on advances to railroad unemployment insurance account.....	9,508	12,167	10,937
Repayment of advances to railroad unemployment insurance account.....	37,454	77,935	81,530
Payment from Federal old-age and survivors, disability, and hospital insurance trust funds.....	421,775	459,253	468,782
Federal payments for military service credits.....		13,834	16,558
Other.....			
Total Railroad Retirement Board.....	1,192,341	1,341,868	1,411,276
Other.....	48,098	9,824	143,208

Footnotes at end of table.

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966—Con.

(In thousands of dollars)

Receipts and Expenditures	1964	1965	1966
District of Columbia:			
Revenues from taxes, etc.....	272,163	287,263	311,467
Payments from general fund:			
Federal contribution.....	40,368	40,720	47,372
Advances for general expenses.....	33,000	50,000	42,000
Less return of advances to general fund.....	-26,000	-41,000	-47,000
Loans for capital outlay.....	9,450	10,700	28,325
Other loans and grants.....	26,606	41,705	53,925
Interfund transactions (-):			
Payments to employees' retirement fund receipts.....	-14,563	-16,340	-17,641
Payments between funds:			
FOASI fund to railroad retirement account.....	-402,636	-435,638	-443,820
Unemployment trust fund from railroad retirement account.....	-35,187	-58,230	-40,895
Other.....	-68,994	-128,230	-267,488
Total interfund transactions (-) ^a	-521,379	-638,438	-769,844
Net trust receipts.....	30,330,646	31,047,259	34,852,623
EXPENDITURES			
Legislative branch.....	1,644	1,897	1,914
The judiciary—judicial survivors annuity fund.....	490	488	494
Funds appropriated to the President:			
Military assistance advances.....	480,751	744,553	750,872
Economic assistance.....	2,024	2,172	2,406
Other.....	152	139	397
Agriculture Department:			
Trust enterprise funds (net).....	717	-1,083	2,859
Other.....	50,854	53,108	53,883
Commerce Department:			
Highway trust fund—Federal-aid highways ¹	3,645,013	4,026,117	3,965,431
Interest payment on advances.....			678
Other.....	25,303	20,962	19,069
Defense Department:			
Military.....	5,149	5,439	7,573
Civil:			
Trust enterprise funds (net).....	6	-2	-5
Other.....	44,142	31,387	30,071
Health, Education, and Welfare Department:			
Federal old-age and survivors insurance trust fund: ²			
Administrative expenses:			
Social Security Administration.....	312,382	322,788	443,038
Reimbursement from Federal disability, hospital, and supplementary medical insurance trust funds.....	-63,850	-75,111	-240,645
Payments to general fund.....	51,714	52,378	49,852
Benefit payments.....	14,579,166	15,225,894	18,071,453
Vocational rehabilitation services.....			
Payment to Railroad Retirement Board.....	402,636	435,638	443,820
Construction.....	2,558	305	1,526
Total Federal old-age and survivors insurance trust fund.....	15,284,607	15,961,893	18,769,045
Federal disability insurance trust fund: ³			
Administrative expenses:			
Reimbursement to Federal old-age and survivors insurance trust fund.....	66,358	78,223	184,458
Payments to general fund.....	3,841	3,768	4,718
Benefit payments.....	1,251,207	1,392,190	1,721,133
Vocational rehabilitation services.....			1,493
Payment to Railroad Retirement Board.....	19,139	23,615	24,962
Total Federal disability insurance trust fund.....	1,340,545	1,497,796	1,936,764
Federal hospital insurance trust fund: ⁴			
Administrative expenses:			
Reimbursement to Federal old-age and survivors insurance trust fund.....			62,785
Payments to general fund.....			1,707
Total Federal hospital insurance trust fund.....			64,491
Other.....	833	562	221
Footnotes at end of table.			

TABLE 5.—*Trust receipts and expenditures, fiscal years 1964, 1965, and 1966—Con.*

[In thousands of dollars]

Expenditures	1964	1965	1966
Housing and Urban Development Department:			
Federal National Mortgage Association (net):			
Loans for secondary market operations and purchase of preferred stock.....	66,360	42,460	-91,820
Other secondary market operations.....	-103,752	49,008	1,569,888
Interior Department:			
Indian tribal funds.....	66,093	74,015	84,001
Other.....	10,882	11,250	13,067
Justice Department (net):			
Alien property activities.....	52,783	-168,758	152,813
Federal Prison System commissary funds.....	11	27	-63
Labor Department:			
Unemployment trust fund: *			
Employment security administration account:			
Salaries and expenses, Bureau of Employment Security	12,829	13,357	16,922
Grants to States for unemployment compensation and employment service administration.....	412,707	399,396	476,583
Payments to general fund:			
Reimbursements and recoveries.....	54,594	112,018	29,772
Interest on refunds of taxes.....	93	172	233
Payment of interest on advances from general (revolving) fund.....	2,935	2,226	2,217
Railroad unemployment insurance account:			
Benefit payments.....	133,912	115,243	88,120
Repayment of advances to railroad retirement account.	37,454	77,935	81,530
Payment of interest on advances from railroad retirement account.....	9,508	12,167	10,937
Repayment of advances from general fund.....	7,090		
Railroad unemployment insurance administration fund:			
Administrative expenses.....	9,070	7,861	6,738
State accounts:			
Withdrawals by States.....	2,703,275	2,389,612	1,973,967
Reimbursements from Federal extended compensation account.....	-1		
Federal extended compensation account:			
Temporary extended unemployment compensation payments.....	-2,305	-1	1
Reimbursements to State accounts.....	1		
Repayment of advances from general fund.....	325,402	-1	
Total unemployment trust fund.....	3,706,564	3,129,985	2,687,019
Other.....	126	234	188
State Department:			
Foreign service retirement and disability fund.....	7,486	8,307	9,363
Other.....	300	1,243	422
Treasury Department.....	18,492	22,959	26,672
Atomic Energy Commission.....	638	942	1,143
Federal Aviation Agency.....	36		
General Services Administration:			
Trust enterprise funds (net).....	-19	-4	-181
Other.....	383	214	298
National Aeronautics and Space Administration.....	98	50	507
Veterans' Administration:			
Benefits, refunds, and dividends:			
Government life insurance fund.....	72,204	70,528	68,939
National service life insurance fund.....	585,267	544,996	484,745
Other.....	1,655	1,514	4,531
Other independent agencies:			
Civil Service Commission:			
Civil service retirement and disability fund.....	1,318,296	1,438,147	1,685,970
Employees health benefits fund (net).....	-14,562	-9,278	1,328
Employees' life insurance fund (net).....	-49,383	-26,361	-17,338
Retired employees health benefits fund (net).....	-115	-783	253
Total Civil Service Commission.....	1,254,236	1,401,726	1,670,213
National Capital Housing Authority (net).....	-436	588	720

Footnotes at end of table.

TABLE 5.—Trust receipts and expenditures, fiscal years 1964, 1965, and 1966—Con.

[In thousands of dollars]

Expenditures	1964	1965	1966
Other independent agencies—Continued			
Railroad Retirement Board:			
Railroad retirement account:			
Administrative expenses.....	11,021	10,342	11,531
Benefit payments, etc.....	1,092,451	1,116,370	1,193,563
Payment to Federal old-age and survivors, disability, and hospital insurance trust funds.....			
Advances to railroad unemployment insurance account.....	35,187	58,230	40,895
Interest on refunds of taxes.....	(*)	9	3
Total Railroad Retirement Board.....	1,138,659	1,184,951	1,245,991
Other:			
Trust enterprise funds (net).....	43	-116	-27
Other.....	652	377	5,900
District of Columbia.....	355,247	384,522	429,695
Deposit fund accounts:			
Food stamps issued (receipts):			
Payments from general fund.....	-28,646	-32,505	-64,796
Receipts from sales.....	-44,996	-52,844	-109,136
Food stamps redeemed (expenditures).....	73,663	83,774	170,596
Other deposit funds (net).....	-566,999	-208,031	-517,126
Total deposit fund accounts.....	-566,978	-209,606	-520,462
Subtotal trust and deposit fund expenditures.....	27,549,262	28,896,842	33,449,724
Government-sponsored enterprises (net):			
Farm Credit Administration:			
Banks for cooperatives.....	37,092	189,231	154,311
Federal intermediate credit banks.....	182,203	149,032	390,887
Federal land banks.....	248,401	561,021	573,545
Federal Home Loan Bank Board:			
Home loan banks.....	1,571,914	659,661	1,292,745
Federal Deposit Insurance Corporation.....	-182,866	-179,957	-227,022
Total Government-sponsored enterprises.....	1,856,744	1,378,989	2,184,466
Interfund transactions (-) *.....	-521,379	-638,438	-769,844
Net trust expenditures.....	28,884,626	29,637,393	34,864,346
Excess of trust receipts, or expenditures (-).....	1,446,019	1,409,866	-11,723

* Less than \$500.

1 Details of this trust fund may be found in table 75.

2 Details of this trust fund may be found in table 73.

3 Details of this trust fund may be found in table 71.

4 Details of this trust fund may be found in table 72.

5 Details of this trust fund may be found in table 82.

* Mainly financial interchanges between trust funds resulting in receipts and expenditures. For details of these interfund transactions for the fiscal years 1963-66, see table 9. Amount for 1966 includes a transaction of \$62,785,000 omitted from June 30, 1966, final, "Monthly Statement of Receipts and Expenditures of the United States Government."

TABLE 6.—*Investments in public debt and agency securities (net), fiscal years 1964, 1965, and 1966*

[In thousands of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Investing agency	1964	1965	1966
Public enterprise funds:			
Commerce Department:			
Federal ship mortgage insurance fund	-2,785		2
War risk insurance revolving fund	212	96	150
Housing and Urban Development Department:			
Office of the Secretary (FHA debentures)			2,593
Federal National Mortgage Association:			
Public debt securities:			
Participation sales fund		5,794	-4,091
Guaranteed securities (FHA debentures):			
Management and liquidating functions	-55,675	-21,706	-1,848
Special assistance functions fund	-8,051	-961	-4,331
Not guaranteed securities:			
Participation sales fund		19,115	86,390
Federal Housing Administration:			
Federal Housing Administration fund:			
Public debt securities	62,309	-195,060	-92,578
Guaranteed securities (FHA debentures)	76,053	1,694	-36,364
Other:			
Guaranteed securities (FHA debentures)			388
Public Housing programs	24,500	-17,000	13,500
Federal Savings and Loan Insurance Corporation	244,000	207,528	204,079
Other	22,585	28,566	36,651
Total public enterprise funds	363,147	28,066	204,540
Trust accounts, etc.:			
Judicial survivors annuity fund	225	430	444
Highway trust fund	-68,715	-343,634	-27,631
Foreign service retirement and disability fund	1,023	1,530	1,144
Federal disability insurance trust fund ¹	-138,735	-262,943	-412,938
Federal old-age and survivors insurance trust fund ¹	691,679	460,855	-857,069
Federal hospital insurance trust fund			785,758
Unemployment trust fund ¹	573,223	966,764	1,468,031
Federal National Mortgage Association:			
Secondary market operations:			
Public debt securities	-91,500		
Guaranteed securities (FHA debentures)	-18,264	1,006	-5,991
Not guaranteed securities	-59,570		
Veterans' life insurance funds:			
Government life insurance fund:			
Public debt securities	-47,162	-22,386	4,216
Not guaranteed securities	25,000		-25,000
National service life insurance fund	69,077	125,765	203,973
Civil Service Commission:			
Civil service retirement and disability fund	1,124,529	1,212,396	1,111,416
Employees health benefits fund	15,103	8,920	-4,822
Employees' life insurance fund	49,503	26,614	14,890
Retired employees health benefits fund		1,225	-191
Railroad retirement account	68,963	149,281	153,867
Government-sponsored enterprises (net):			
Farm Credit Administration:			
Banks for cooperatives	1,408	-91	3,124
Federal intermediate credit banks	-53	-1,728	-307
Federal land banks	-79	-2,106	-60
Federal Home Loan Bank Board:			
Home loan banks	-140,744	-103,846	259,925
Federal Deposit Insurance Corporation	182,866	179,957	227,022
Other ²	174,299	-70,546	458,013
Total trust accounts, etc.	2,412,077	2,327,464	3,357,815
Net investments, or sales (-)	2,775,224	2,355,530	3,562,356

¹ Takes into account accrued interest, discount, or premium on securities purchased, and net amortization or repayments.
² Includes Exchange Stabilization Fund.

TABLE 7.—*Sales and redemptions of Government agency securities in market (net), fiscal years 1964, 1965, and 1966*

(In thousand of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables".)

Issuing agency	1964	1965	1966
Public enterprise funds:			
Guaranteed by the United States:			
Federal Farm Mortgage Corporation in liquidation.....	17	12	8
Federal Housing Administration:			
Issues (net) to Government agencies.....	5,937	19,967	45,942
Issues (net) to the public.....	-212,350	202,718	82,788
Homes Owners' Loan Corporation.....	14	8	2
Not guaranteed by the United States:			
Home Owners' Loan Corporation.....	(*)	r 4	(*)
Tennessee Valley Authority.....	-35,000	-45,000	-60,000
Trust enterprise funds:			
Not guaranteed by the United States:			
Federal National Mortgage Association (secondary market operations).....	261,710	-98,592	-1,471,885
Government-sponsored enterprises (net):			
Not guaranteed by the United States:			
Farm Credit Administration:			
Banks for cooperatives.....	-38,500	-189,140	-157,435
Federal intermediate credit banks.....	-182,150	-147,305	-390,580
Federal land banks.....	-248,322	-558,915	-573,485
Federal Home Loan Bank Board:			
Home loan banks.....	-1,431,170	-555,815	-1,552,670
Net redemptions, or sales (-).....	-1,879,813	-1,372,060	-4,077,315

* Revised.

* Less than \$500.

TABLE 8.—*Interfund transactions excluded from both net budget receipts and expenditures, fiscal years 1963-66*

[In thousands of dollars]

Interest and other payments	Fiscal year			
	1963	1964	1965	1966
Interest paid Treasury by revolving funds: ¹				
Funds appropriated to the President:				
Expansion of defense production ²	6,328	154,294	124,948	14,460
Economic opportunity loan fund			124	1,300
Department of Agriculture:				
Commodity Credit Corporation	186,384	199,169	458,861	302,043
Farmers Home Administration:				
Agricultural credit insurance fund	998	2,296	2,763	6,518
Direct loan account	10,706	12,019	13,805	17,423
Rural housing loans				22,360
Department of Commerce:				
Federal ship mortgage insurance fund		263	353	199
Federal ship mortgage insurance fund, fishing vessels				(*)
Department of Defense—Civil, Panama Canal Company fund	10,006	10,894	11,336	12,179
Department of Housing and Urban Development:				
Office of the Secretary:				
College housing loans	32,502	41,394	48,968	56,518
Public facility loans	2,709	3,540	4,903	6,217
Urban renewal fund	4,944	5,344	5,895	7,544
Federal National Mortgage Association	118,279	99,410	86,872	67,431
Federal Housing Administration, general insurance fund				193
Public Housing programs	1,441	2,099	187	
Department of the Interior:				
Colorado River Dam fund, Boulder Canyon project	3,030	2,946	2,857	2,755
Upper Colorado River storage project			752	5,766
Virgin Islands Corporation	364	403	406	48
Treasury Department, Civil defense program fund	13	8	4	
Veterans' Administration:				
Direct loans to veterans and reserves	47,474	48,795	36,324	33,978
Veterans' reopened insurance fund				65
Export-Import Bank ³	51,134	34,381	15,139	13,775
St. Lawrence Seaway Development Corporation	2,200	2,952	4,000	4,700
Small Business Administration	20,149	26,521	30,740	38,925
Tennessee Valley Authority	148	695	2,396	2,761
U.S. Information Agency, informational media guaranties fund	571	622	656	
Total interest payments	499,383	648,044	852,289	617,158
Other payments:				
Department of Defense, civil:				
Reimbursements:				
Panama Canal Company:				
Net cost of Canal Zone Government ⁴	13,193	14,678	16,725	16,507
Part of treaty payment to Panama for use of Canal Zone	430	430	430	430
Fees and other charges	390	469	421	418
Total other payments	14,014	15,577	17,576	17,355
Total interfund transactions	513,397	663,622	869,865	634,513

* Less than \$500.

¹ On loans and other interest-bearing U.S. investments.² By various agencies for programs under the Defense Production Act.³ Excludes transactions under Defense Production Act.⁴ Less tolls paid for U.S. Government vessels.

NOTE.—For figures from 1932-61, see annual report for 1961, pp. 450-456; for 1962 figures, see 1965 annual report, p. 519.

TABLE 9.—*Interfund transactions excluded from both net trust receipts and trust expenditures, fiscal years 1963-66*

[In thousands of dollars]

Trust fund	1963	1964	1965	1966
Federal old-age and survivors insurance trust fund ¹	422, 523	402, 636	435, 638	443, 820
Federal disability insurance trust fund ^{1 2}	22, 023	21, 647	26, 727	30, 632
Federal hospital insurance trust fund ¹				928
Railroad retirement account ^{1 3}	37, 699	35, 187	58, 230	40, 895
Unemployment trust fund ^{3 4}	8, 946	46, 962	90, 102	92, 467
Federal employees' retirement funds ⁵	336	385	796	934
District of Columbia ⁶	13, 320	14, 563	17, 445	17, 668
Alien property activities ⁷			9, 500	142, 500
Total.....	504, 847	521, 379	638, 438	⁸ 769, 844

¹ Payments are made between the railroad retirement account and the Federal old-age and survivors, Federal disability, and Federal hospital insurance trust funds so as to place those funds in the position in which they would have been if railroad employment after 1936 had been included under social security coverage.

² Includes interest on amounts reimbursed to the Federal old-age and survivors insurance trust fund for administrative expenses.

³ Includes temporary advances to the railroad unemployment insurance account in the unemployment trust fund when the balance in the account is insufficient to meet payments of benefits and refunds due or to become due.

⁴ Repayment of advances with interest to the railroad retirement account.

⁵ Transfers from the civil service retirement and disability fund to the foreign service retirement and disability fund.

⁶ Contributions and transfers of deductions from employees' salaries to the civil service retirement and disability fund; and advances to National Park Service beginning in fiscal 1965.

⁷ Payment to Foreign Claims Settlement Commission.

⁸ Includes a \$62,785,000 trust interfund transaction omitted from June 30, 1966, final "Monthly Statement of Receipts and Expenditures of the United States Government."

TABLE 10.—*Public enterprise (revolving) funds, receipts and expenditures for fiscal year 1966 and net for 1965 and 1966*

[In thousands of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Classification	Fiscal year 1966			Fiscal year 1965
	Receipts	Expenditures	Net receipts (-), or expenditures	Net receipts (-), or expenditures
Funds appropriated to the President:				
Expansion of defense production.....	168,580	16,585	-151,995	59,553
Office of Economic Opportunity.....	4,067	33,633	29,565	17,158
Military assistance—foreign military sales fund ¹	142,266	52,318	-89,948	-----
Economic assistance:				
Alliance for Progress, development loans.....	68,538	359,434	290,896	201,818
Development loan funds.....	52,021	728,923	676,902	754,468
Foreign investment guarantee fund.....	10,065	240	-9,825	-7,778
Total funds appropriated to the President.....	445,537	1,191,133	745,596	1,025,218
Agriculture Department:				
Commodity Credit Corporation:				
Price support and related programs ²	3,934,447	5,470,367	1,535,920	2,645,754
Special activities ³	202,817	185,734	-17,083	-740,268
Federal Crop Insurance Corporation fund.....	29,000	39,497	10,496	903
Farmers Home Administration:				
Direct loan account.....	362,538	331,186	-31,352	67,971
Rural housing insurance fund.....	114,604	146,012	31,408	-----
Emergency credit revolving fund.....	85,176	103,860	18,684	30,257
Agricultural credit insurance fund.....	372,654	460,188	87,534	9,000
Rural housing direct loan account.....	73,574	76,609	3,035	1,008
Total Agriculture Department.....	5,174,810	6,813,453	1,638,643	2,014,627
Commerce Department:				
General Administration.....	4	10	6	-7
Economic development revolving fund.....	8,138	189	-7,949	-4,594
Maritime Administration.....	111,219	115,970	4,751	-2,365
Total Commerce Department.....	119,361	116,169	-3,192	-6,966
Defense Department:				
Military:				
Defense production guarantees:				
Department of the Army.....	1,687	20	-1,668	-37
Department of the Navy.....	12,448	11,905	-543	-1,236
Department of the Air Force.....	3,378	5,755	2,377	-1,211
Defense agencies:				(*)
Laundry service, Naval Academy.....	764	713	-51	-14
Civil defense procurement fund.....	7	7	(*)	-8
Civil—Panama Canal Company.....	131,878	127,568	-4,310	3,100
Total Defense Department.....	150,161	145,967	-4,195	595
Health, Education, and Welfare Department:				
Food and Drug Administration.....	3,036	2,801	-235	-199
Office of Education:				
Student loan insurance fund.....	-----	-----	-----	-----
Public Health Service:				
Operation of commissaries, narcotic hospitals.....	239	252	13	7
Social Security Administration:				
Operation fund, Bureau of Federal Credit Unions.....	5,069	5,026	-43	-175
Total Health, Education, and Welfare Department.....	8,344	8,080	-265	-368
Housing and Urban Development Department:				
Office of the Secretary:				
College housing loans.....	101,776	414,135	312,359	220,744
Liquidating programs.....	4,014	123	-3,891	-985
Urban renewal programs.....	216,851	573,571	356,720	324,352
Rehabilitation loan fund.....	2	1,832	1,830	180
Urban mass transportation fund.....	290	18,949	18,660	11,068
Other.....	24,754	112,631	87,876	87,508
Federal National Mortgage Association:				
Loans to secondary market operations fund.....	1,698,110	1,698,110	-----	-4,460
Purchase of preferred stock.....	-----	91,820	91,820	-38,000
Management and liquidating functions.....	639,150	525,030	-114,120	-105,412
Special assistance functions.....	648,790	335,265	-313,525	-375,849
Participation sales fund.....	207,851	78,733	-129,119	-24,927

Footnotes at end of table.

TABLE 10.—Public enterprise (revolving) funds, receipts and expenditures for fiscal year 1966 and net for 1965 and 1966—Continued

[In thousands of dollars]

Classification	Fiscal year 1966			Fiscal year 1965
	Receipts	Expenditures	Net receipts (—), or expenditures	Net receipts (—), or expenditures
Housing and Urban Development Department—Con.				
Federal Housing Administration:				
Federal Housing Administration fund.....	875,697	1,066,886	191,189	—115,350
Other.....	4,668	704	—3,964	
Public Housing programs.....	213,983	450,728	236,746	230,116
Total Housing and Urban Development Department.....	4,635,935	5,368,518	732,583	208,984
Interior Department:				
Public land management:				
Bureau of Indian Affairs.....	3,195	2,796	—399	178
Office of Territories.....				280
The Alaska Railroad.....	19,587	30,071	10,485	15,025
Mineral resources:				
Bureau of Mines.....	30,747	50,029	19,282	20,425
Fish and Wildlife and Parks:				
Bureau of Commercial Fisheries.....	1,713	2,056	343	391
Water and power development:				
Bureau of Reclamation:				
Continuing fund for emergency expenses, Fort Peck project, Montana.....	5,573	1,157	—4,416	—2,332
Upper Colorado River Basin fund.....	16,495	77,110	60,615	60,312
Bonneville Power Administration.....				
Southeastern Power Administration.....				
Southwestern Power Administration.....				
Virgin Islands Corporation.....	1,401	2,456	1,055	—2,074
Total Interior Department.....	78,711	165,675	86,964	92,205
Labor Department:				
Manpower Administration:				
Advances to employment security administration account, unemployment trust fund.....	212,463	210,245	—2,217	—2,226
Farm labor supply revolving fund.....	80	26	—54	—358
Total Labor Department.....	212,543	210,272	—2,271	—2,583
Post Office Department, postal fund.....	5,038,667	5,926,863	888,196	804,542
Treasury Department:				
Office of the Secretary.....	33	1	—32	—286
Bureau of Accounts.....	3	139	135	44
Office of the Treasurer.....	635	638	3	2
Total Treasury Department.....	671	777	106	—240
General Services Administration:				
Defense materials activities.....				3
General activities.....	196	13	—183	—218
Total General Services Administration.....	196	13	—183	—215
Veterans' Administration:				
Direct loan revolving fund.....	878,831	219,878	—658,953	—129,834
Loan guaranty revolving fund.....	383,388	399,111	15,723	38,301
Other.....	211,027	164,361	—46,666	—29,095
Total Veterans' Administration.....	1,473,246	783,350	—689,896	—120,628

Footnotes at end of table.

TABLE 10.—*Public enterprise (revolving) funds, receipts and expenditures for fiscal year 1966 and net for 1965 and 1966—Continued*

[In thousands of dollars]

Classification	Fiscal year 1966			Fiscal year 1965
	Receipts	Expenditures	Net receipts (—), or expenditures	Net receipts (—), or expenditures
Other independent agencies:				
Export-Import Bank of Washington.....	1,531,780	1,146,756	—385,023	—357,231
Farm Credit Administration:				
Revolving fund for administrative expenses.....	2,453	2,984	531	99
Short-term credit investment fund.....	60	2,350	2,290	3,375
Banks for cooperatives investment fund.....	10,051	-----	—10,051	—20,287
Federal Home Loan Bank Board:				
Federal Savings and Loan Insurance Corporation fund.....	314,162	58,738	—255,423	—204,698
Other.....	16,265	16,230	—35	134
St. Lawrence Seaway Development Corporation.....	6,523	7,739	1,216	905
Small Business Administration.....	767,511	621,468	—146,043	236,221
Tennessee Valley Authority.....	346,789	400,694	53,905	47,937
U.S. Information Agency.....	2,646	2,575	—71	873
Total other independent agencies.....	2,998,269	2,259,536	—738,733	—292,674
Total public enterprise funds.....	20,336,453	22,989,806	2,653,353	3,722,497

*Less than \$500.

¹ Represents net cash transactions for Department of Defense pursuant to provisions in Public Law 89-171, approved Sept. 6, 1965.² Represents residual of gross receipts and expenditures after reduction for certain costs which are included in amounts shown for special activities.³ Includes certain costs transferred from price support operations for which expenditures may have been made in prior years, in addition to adjustments representing recoveries received from other programs.⁴ The proceeds from sale of participation certificates amounting to \$1,834,008,630.00 were credited to this fund and paid to: the Veterans' Administration; the Special Assistance Functions fund, FNMA; the management and liquidating functions fund, FNMA; and the Small Business Administration.

NOTE.—This table supplies receipt and expenditure data for public enterprise funds included in table 4 on a net basis.

TABLE 11.—*Trust enterprise (revolving) funds, receipts and expenditures for fiscal year 1966 and net for 1965 and 1966*

[In thousands of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Classification	Fiscal year 1966			Fiscal year 1965
	Receipts	Expenditures	Net receipts (-), or expenditures	Net receipts (-), or expenditures
Agriculture Department:				
Farmers Home Administration.....	6,191	9,050	2,859	-1,083
Defense Department—Civil:				
U.S. Soldiers' Home.....	133	128	-5	-2
Housing and Urban Development Department:				
Federal National Mortgage Association:				
Loans for secondary market operations and purchase of preferred stock.....	1,789,930	1,698,110	-91,820	42,460
Other secondary market operations.....	355,910	1,925,798	1,569,888	49,008
Justice Department:				
Alien property activities.....	2,787	155,599	152,813	-168,758
Federal Prison System commissary funds.....	2,723	2,660	-63	27
General Services Administration:				
Records activities: National Archives trust fund.....	666	485	-181	-4
Other independent agencies:				
Civil Service Commission:				
Employees health benefits fund.....	521,836	523,165	1,328	-9,278
Employees' life insurance fund.....	191,585	174,247	-17,338	-26,361
Retired employees health benefits fund.....	25,568	25,821	253	-783
National Capital Housing Authority.....	9,929	10,649	720	588
Federal Communications Commission.....	370	343	-27	-116
Total trust enterprise funds.....	2,907,627	4,526,055	1,618,428	-114,300

NOTE.—This table supplies receipt and expenditure data for trust enterprise funds included in table 5 on a net basis.

TABLE 12.—Administrative budget receipts and expenditures monthly and total for fiscal year 1966

[In millions of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Receipts and expenditures	July	August	September	October	November	December	January	February	March	April	May	June	Total 1966
RECEIPTS													
Internal revenue:													
Individual income taxes with-held	1,299	5,377	2,995	1,263	5,793	3,237	1,412	5,948	3,440	1,082	6,238	4,726	42,811
Individual income taxes—other	362	164	2,427	244	141	468	2,727	1,038	936	6,259	1,151	2,569	18,486
Corporation income taxes	727	482	4,236	625	507	4,315	682	573	751	2,440	751	8,251	30,834
Excise taxes	1,221	1,305	1,162	983	1,155	1,220	1,027	1,038	1,133	921	1,104	1,149	13,398
Employment taxes	629	2,501	1,120	461	1,508	803	423	3,117	2,040	1,320	3,615	2,719	20,256
Estate and gift taxes	232	212	193	213	185	238	292	207	272	491	328	172	3,094
Customs	137	145	159	153	164	140	136	129	168	151	158	172	1,811
Miscellaneous receipts	462	401	348	384	766	386	456	381	467	408	401	1,003	5,865
Gross receipts	5,070	10,586	12,640	4,327	10,220	10,807	7,137	12,432	15,701	13,072	13,746	20,817	136,556
Deduct:													
Refunds of receipts: ¹													
Applicable to budget accounts ²	222	222	185	205	32	105	-121	616	2,057	1,525	1,316	538	6,902
Applicable to trust accounts ³	1	3	(*)	(*)	86	(*)	228	28	(*)	1	5	1	354
Transfers to trust accounts	961	2,918	1,454	774	1,775	1,117	504	3,437	2,342	1,605	3,972	3,079	23,939
Interfund transactions ⁴	79	92	1	53	223	31	73	16	5	13	1	49	635
Total deductions	1,263	3,236	1,641	1,032	2,114	1,254	684	4,097	4,404	3,144	5,294	3,667	31,829
Net receipts	3,807	7,350	10,999	3,295	8,106	9,553	6,453	8,335	11,297	9,929	8,452	17,151	104,727
EXPENDITURES													
Legislative branch	18	8	15	23	16	14	18	10	12	18	16	18	185
The judiciary	6	6	6	8	6	7	6	6	6	8	7	7	79
Executive office of the President	2	2	2	2	2	3	2	2	3	2	2	2	26
Funds appropriated to the President:													
Military assistance	26	30	54	43	116	117	-8	99	151	45	114	180	968
Economic assistance	186	161	134	206	167	189	187	161	197	167	178	208	2,141
Other	103	156	84	60	68	61	77	99	96	67	75	271	1,215
Agriculture Department:													
Commodity Credit Corp.	295	799	540	328	356	141	159	-159	2	-500	-67	-375	1,519
Foreign assistance and special export programs		90	125	125	9	247	127	190	134	150	162	326	1,686
Other	226	223	174	195	391	215	274	303	281	198	161	103	2,744
Commerce Department	67	50	-49	76	121	57	62	73	-24	72	65	60	730

Footnotes at end of table.

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TABLE 12.—Administrative budget receipts and expenditures monthly and total for fiscal year 1966—Continued

[In millions of dollars]

Expenditures	July	August	September	October	November	December	January	February	March	April	May	June	Total 1966
Defense Department:													
Military:													
Department of the Army.....	819	959	1,040	1,154	1,182	1,235	1,232	1,100	1,384	1,301	1,381	2,249	15,035
Department of the Navy.....	957	1,159	1,303	1,291	1,324	1,391	1,335	1,289	1,567	1,484	1,469	1,634	16,205
Department of the Air Force.....	1,504	1,606	1,736	1,605	1,509	1,918	1,554	1,526	1,971	1,679	1,485	2,300	20,393
Defense agencies.....	144	178	185	165	209	209	317	256	267	234	254	272	2,690
Undistributed stock fund transactions.....	171	223	31	30	-23	31	-37	21	47	62	-37	-519	-----
Civil defense.....	6	7	5	7	8	6	10	6	10	6	7	9	86
Total military.....	3,601	4,131	4,300	4,252	4,210	4,789	4,411	4,198	5,246	4,766	4,559	5,945	54,409
Civil.....	96	121	125	131	134	129	115	79	102	99	110	66	1,309
Health, Education, and Welfare Department.....	541	402	787	541	467	600	662	613	918	752	744	642	7,669
Housing and Urban Development Department:													
Federal National Mortgage Association.....	-252	-4	87	-33	56	115	-227	175	23	-131	-173	-101	-465
Other.....	149	69	71	39	88	117	134	116	143	73	108	124	1,232
Interior Department.....	138	128	113	112	104	136	94	104	87	87	101	127	1,331
Justice Department.....	37	28	29	29	30	39	30	29	27	31	31	31	371
Labor Department.....	33	63	84	70	79	67	51	-168	68	43	64	48	503
Post Office Department.....	43	79	84	23	31	84	144	110	93	43	78	77	888
State Department.....	49	22	53	49	40	33	13	32	32	29	24	31	407
Treasury Department:													
Interest on the public debt.....	1,000	966	966	962	963	1,005	1,035	976	1,035	1,013	1,025	1,068	12,014
Interest on refunds, etc.....	10	13	17	9	9	8	9	11	9	6	6	11	118
Other.....	104	102	97	106	158	101	114	98	110	113	136	90	1,328
Atomic Energy Commission.....	207	210	177	186	205	185	192	186	197	193	241	224	2,403
Federal Aviation Agency.....	57	55	66	61	74	73	71	66	62	64	85	70	804
General Services Administration.....	60	65	58	55	44	60	37	57	64	51	48	1	601
National Aeronautics and Space Administration.....	427	482	489	449	470	521	477	456	519	502	569	571	5,933
Veterans' Administration.....	208	482	473	484	525	206	528	512	524	287	484	357	5,070
Other independent agencies:													
Export-Import Bank of Washington.....	-227	31	-3	51	271	12	-22	-343	12	124	76	-369	-385
Small Business Administration.....	20	30	27	70	47	41	26	15	6	-61	-26	-334	-140
Tennessee Valley Authority.....	2	4	4	5	5	6	4	-2	3	3	4	17	54
Other.....	65	64	165	98	61	60	80	59	62	87	45	-32	793
District of Columbia.....	22	12	1	-12	2	19	-----	9	(*)	-8	1	24	71

Allowances, undistributed.....													
Interfund transactions (-) ⁴	-79	-92	-1	-53	-223	-31	-73	-16	-5	-13	-1	-49	-635
Net expenditures.....	7,240	8,990	9,452	8,750	9,105	9,426	8,809	8,156	10,193	8,362	9,055	9,439	106,978
Surplus, or deficit (-).....	-3,434	-1,640	1,548	-5,455	-999	126	-2,356	179	1,104	1,567	-603	7,712	-2,251

*Less than \$500,000.

¹ Interest on refunds is included in "Expenditures: Treasury Department."

² Mainly internal revenue income, excise (including customs), and estate and gift taxes.

³ Employment taxes and highway excise taxes.

⁴ Mainly interest payments by Government corporations and agencies that borrow from the Treasury. For details of these transactions for fiscal years, 1963-66, see table 8. These interfund transactions do not include payments to the Treasury by wholly owned Government corporations for retirement of their capital stock and for disposition of earnings.

TABLE 13.—Trust receipts and expenditures monthly and total for fiscal year 1966

[In millions of dollars. On basis of "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Receipts and expenditures	July	August	Septem- ber	October	Novem- ber	Decem- ber	January	Febru- ary	March	April	May	June	Total 1966
RECEIPTS													
Highway trust fund.....	333	419	335	314	327	325	309	321	232	286	360	362	3,925
Federal old-age and survivors in- surance trust fund.....	581	2,672	965	448	1,627	919	105	2,441	1,664	1,177	3,470	2,391	18,461
Federal disability insurance trust fund.....	43	174	103	33	112	76	9	225	166	106	307	262	1,616
Federal hospital insurance trust fund.....	96	904	84	157	525	199	179	161	151	51	299	253	916
Unemployment trust fund.....	2	1	1	1	1	2	2	597	73	195	946	172	4,126
Government life insurance fund.....	46	39	39	43	39	41	49	37	48	42	41	229	693
National service life insurance fund.....	188	200	242	167	184	181	209	192	205	179	184	693	2,823
Civil Service Commission.....	11	112	96	14	99	76	14	102	86	23	114	664	1,411
Railroad Retirement Board.....	62	3	51	45	36	80	44	47	83	93	34	134	711
Funds appropriated to the Presi- dent.....	4	6	4	6	8	4	5	6	3	3	6	7	61
Agriculture Department.....	3	3	4	4	3	4	4	2	3	1	4	3	39
Interior Department: Indian tribal funds.....	2	5	1	1	23	1	1	6	1	1	4	2	48
Other.....	2	2	2	2	2	2	4	2	2	2	3	3	29
Treasury Department.....	38	33	46	30	25	41	19	39	45	38	37	45	436
District of Columbia.....	11	102	5	4	8	14	6	8	7	22	6	85	281
All other.....	-4	-102	-24	-7	-7	-30	-8	-8	-26	-7	-5	-543	-770
Interfund transactions (-).....													
Net trust receipts.....	1,417	4,572	1,954	1,262	3,012	1,935	951	4,181	2,745	2,215	5,812	4,796	34,853
EXPENDITURES													
Highway trust fund.....	337	331	469	399	422	372	273	264	246	232	260	360	3,965
Federal old-age and survivors in- surance trust fund.....	1,324	1,319	2,114	1,468	1,496	1,436	1,506	1,542	1,545	1,552	1,599	1,868	18,769
Federal disability insurance trust fund.....	122	121	191	138	140	229	141	146	147	146	147	268	1,937
Federal hospital insurance trust fund.....								1	(*)	(*)	(*)	63	64
Unemployment trust fund.....	158	208	204	167	265	236	247	268	351	165	220	200	2,687
Government life insurance fund.....	6	4	5	4	5	5	7	5	7	7	7	8	69
National service life insurance fund.....	34	29	31	30	30	35	50	41	60	50	46	47	485
Civil Service Commission.....	117	124	100	134	135	130	136	150	149	154	189	152	1,670

Railroad Retirement Board.....	97	100	107	103	106	99	108	107	103	107	106	102	1,246
Funds appropriated to the President.....	28	17	77	62	27	41	80	49	70	81	118	104	754
Agriculture Department.....	4	4	5	4	6	5	3	4	4	4	7	8	57
Housing and Urban Development Department:													
Loans for secondary market operations and purchase of preferred stock.....	-3	-21	-104	31	-44	-194	248	-177	-25	3	184	10	-92
Other secondary market operations.....	18	24	54	57	117	161	210	233	277	169	141	108	1,570
Interior Department:													
Indian tribal funds.....	3	9	8	4	5	13	4	7	7	6	11	8	84
Other.....	1	1	2	1	1	1	1	1	1	1	2	2	13
Treasury Department.....	2	2	2	2	2	2	2	2	2	3	2	2	27
District of Columbia.....	38	32	27	34	29	43	36	33	40	33	38	45	430
Deposit fund accounts.....	-378	-99	-104	-155	125	-146	-14	-25	76	-388	127	462	-520
Government-sponsored enterprises.....	503	146	-33	-35	-159	193	11	-29	-26	994	412	209	2,184
All other.....	11	101	11	6	7	6	6	7	-11	22	20	49	236
Interfund transactions (-) ¹	-4	-102	-24	-7	-7	-30	-8	-8	-26	-7	-5	-543	-770
Net trust expenditures.....	2,418	2,349	3,142	2,447	2,707	2,636	3,048	2,621	2,996	3,335	3,632	3,531	34,864
Excess of trust receipts, or expenditures (-).....	-1,001	2,223	-1,189	-1,186	305	-701	-2,097	1,560	-251	-1,120	2,180	1,265	-12
Net investments in, or sales (-), of public debt and agency securities.....	-1,045	2,515	-1,210	-1,308	519	-935	-1,897	1,749	2	-1,170	4,023	2,319	3,562
Net redemptions, or sales (-), of Government agency securities in the market.....	-15	-473	49	-33	-168	45	-265	-260	-341	-732	-1,070	-813	-4,077

*Less than \$500,000.

¹ Mainly financial interchanges between trust funds resulting in receipts and expenditures. For details of these interfund transactions for fiscal years 1963-66, see table 9.

Amount for 1966 includes a transaction of \$63 million omitted from the June 30, 1966, final "Monthly Statement of Receipts and Expenditures of the United States Government."

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TABLE 14.—Trust receipts by sources and expenditures by major functions, fiscal years 1958–66

[In millions of dollars. On basis of 1968 Budget document]

Receipts and expenditures	1958	1959	1960	1961	1962	1963	1964	1965	1966
RECEIPTS									
Employment taxes:									
Transfers.....	8,308	8,530	10,817	12,502	12,708	15,004	17,003	17,104	20,256
Less refunds.....	-75	-83	-89	-98	-147	-143	-170	-199	-234
Unemployment tax deposits by States.....	1,501	1,701	2,167	2,398	2,729	3,009	3,042	3,052	3,067
Excise taxes:									
Transfers.....	2,116	2,171	2,642	2,923	3,080	3,405	3,646	3,782	4,037
Less refunds.....	-90	-97	-103	-126	-131	-126	-127	-123	-120
Federal employee and agency payments for retirement.....	1,252	1,507	1,504	1,740	1,756	1,878	2,029	2,173	2,269
Interest:									
Trust fund investments.....	1,342	1,315	1,327	1,404	1,423	1,467	1,602	1,758	1,893
Uninvested trust funds.....	8	9	10	10	10	11	11	12	14
Veterans' life insurance premiums:									
Government life.....	27	24	22	20	18	17	16	15	14
National service life.....	459	453	460	484	483	477	478	473	497
Miscellaneous.....	1,317	1,375	2,494	2,840	2,889	3,195	3,322	3,639	3,928
Subtotal trust receipts.....	16,164	16,904	21,250	24,097	24,818	28,193	30,852	31,686	35,622
Interfund transactions (-).....	-11	-135	-908	-515	-528	-505	-521	-638	-770
Net trust receipts.....	16,153	16,769	20,342	23,583	24,290	27,689	30,331	31,047	34,853
EXPENDITURES									
National defense.....	344	229	256	196	366	679	487	751	760
International affairs and finance.....	1	21	48	13	15	44	62	-160	171
Space research and technology.....							(*)	(*)	1
Agriculture and agricultural resources.....	357	645	458	416	398	507	496	927	1,151
Natural resources.....	101	94	116	183	112	122	137	134	145
Commerce and transportation.....	1,401	2,493	2,831	2,505	2,662	2,877	3,482	3,864	3,751
Housing and community development.....	-295	1,263	1,439	-273	1,524	-36	1,889	1,136	3,202
Health, labor, and welfare.....	12,775	14,306	16,358	19,236	20,382	21,855	22,733	23,186	26,384
Education.....	1	1	1	1	1	2	2	2	2
Veterans' benefits and services.....	671	651	673	811	733	835	666	624	565
General government.....	10	10	17	16	20	19	18	21	24
Deposit funds.....	-29	-60	-78	203	-544	146	-567	-210	-520
Subtotal.....	15,335	19,655	22,120	23,308	25,669	27,050	29,406	30,276	35,634
Interfund transactions (-).....	-11	-135	-908	-515	-528	-505	-521	-638	-770
Net trust expenditures.....	15,325	19,521	21,212	22,793	25,141	26,545	28,885	29,637	34,864
Excess of trust receipts, or expenditures (-).....	829	-2,751	-870	790	-851	1,143	1,446	1,410	-12

* Less than \$500,000.

TABLE 15.—Administrative budget receipts by sources and expenditures by major functions, fiscal years 1958-66

(In millions of dollars. Expenditures classified on basis of 1968 Budget document)

Receipts and expenditures	1958	1959	1960	1961	1962	1963	1964	1965	1966
RECEIPTS									
Individual income taxes.....	38,569	40,735	44,946	46,153	50,650	52,988	54,590	53,661	61,298
Corporation income taxes.....	20,533	18,092	22,179	21,765	21,296	22,336	24,301	26,131	30,834
Excise taxes.....	10,814	10,760	11,865	12,064	12,752	13,410	13,950	14,793	13,398
Employment taxes.....	8,644	8,854	11,159	12,502	12,708	15,004	17,003	17,104	20,256
Estate and gift taxes.....	1,411	1,353	1,626	1,916	2,035	2,187	2,416	2,746	3,094
Internal revenue taxes not otherwise classified.....	7	5							
Total internal revenue.....	79,978	79,798	91,775	94,401	99,441	105,925	112,260	114,435	128,880
Customs.....	800	948	1,123	1,008	1,171	1,241	1,284	1,478	1,811
Miscellaneous receipts.....	3,196	3,158	4,064	4,082	3,206	4,436	4,077	4,622	5,865
Total receipts by major sources.....	83,974	83,904	96,962	99,491	103,818	111,602	117,622	120,535	136,566
Deductions:									
Refunds of receipts (excluding interest): ¹									
Internal revenue applicable to:									
Budget accounts.....	4,413	4,907	5,024	5,725	5,957	6,267	6,817	5,668	6,857
Trust accounts.....	165	180	193	224	278	35	297	323	354
Customs.....	18	23	18	25	29	269	32	35	45
Other.....	2	3	2	2	1	1	1	3	(*)
Total refunds of receipts.....	4,598	5,114	5,238	5,976	6,266	6,571	7,148	6,030	7,256
Transfers to trust accounts: ¹									
Federal old-age and survivors insurance trust fund.....	6,795	7,084	9,192	10,537	10,600	12,351	14,335	14,572	16,474
Federal disability insurance trust fund.....	863	837	929	953	945	994	1,057	1,082	1,442
Federal hospital insurance trust fund.....									862
Highway trust fund.....	2,026	2,074	2,539	2,798	2,949	3,279	3,519	3,659	3,917
Railroad retirement account.....	575	525	607	571	564	572	593	636	683
Unemployment trust fund.....				343	453	945	847	615	561
Total transfers to trust accounts.....	10,259	10,520	13,267	15,202	15,510	18,141	20,351	20,563	23,939
Total deductions.....	14,857	15,634	18,505	21,178	21,776	24,712	27,499	26,593	31,195
Subtotal receipts.....	69,117	68,270	78,457	78,313	82,042	86,890	90,122	93,942	105,362
Deductions:									
Interfund transactions (included in both receipts and expenditures) ²	567	355	694	654	633	513	664	870	635
Net administrative budget receipts.....	68,550	67,915	77,763	77,659	81,409	86,376	89,459	93,072	104,727

Footnotes at end of table.

TABLE 15.—Administrative budget receipts by sources and expenditures by major functions, fiscal years 1958–66—Continued

(In millions of dollars)

Expenditures	1958	1959	1960	1961	1962	1963	1964	1965	1966
EXPENDITURES ³									
National defense:									
Department of Defense—military:									
Military personnel.....	11,611	11,801	11,738	12,085	13,032	13,000	14,195	14,771	16,753
Operation and maintenance.....	9,761	10,378	10,223	10,611	11,594	11,874	11,932	12,349	14,710
Procurement.....	14,083	14,409	13,334	13,095	14,532	16,632	15,351	11,839	14,339
Research, development, test, and evaluation.....	2,504	2,866	4,710	6,131	6,319	6,376	7,021	6,236	6,259
Military construction.....	1,753	1,948	1,626	1,605	1,347	1,144	1,026	1,007	1,334
Other ⁴	-643	-179	-416	-300	-9	-771	235	-29	1,015
Total Department of Defense—military.....	39,071	41,223	41,215	43,227	46,815	48,252	49,760	46,173	54,409
Military assistance.....	2,187	2,340	1,609	1,449	1,390	1,721	1,485	1,229	968
Atomic energy.....	2,268	2,541	2,623	2,713	2,806	2,758	2,765	2,625	2,403
Defense-related activities.....	709	379	244	104	92	24	172	136	-62
Total national defense.....	44,234	46,483	45,691	47,494	51,103	52,755	54,181	50,163	57,718
International affairs and finance:									
Conduct of foreign affairs.....	173	237	217	216	249	346	297	346	315
Economic and financial assistance.....	1,788	3,305	1,381	1,927	2,130	1,826	1,479	2,094	1,864
Foreign information and exchange activities.....	149	139	137	158	197	201	207	223	227
Food for Freedom ⁵	1,449	1,299	1,458	1,823	1,947	2,040	2,049	1,843	1,784
Total international affairs and finance.....	3,559	4,980	3,195	4,124	4,523	4,412	4,032	4,506	4,191
Space research and technology:									
Manned space flight.....		11	113	279	565	1,516	2,768	3,538	4,210
Space science and applications.....		26	133	249	420	576	754	751	778
Space technology.....		21	52	87	159	303	432	484	435
Aircraft technology.....		87	72	31	31	36	40	58	75
Supporting activities.....		1	30	79	82	122	178	262	435
Total space research and technology.....	89	145	401	744	1,257	2,552	4,171	5,093	5,933
Agriculture and agricultural resources:									
Farm income stabilization ⁶	1,956	4,096	2,239	2,176	2,871	3,693	3,798	3,236	1,925
Financing farming and rural housing.....	269	311	289	349	234	300	251	268	160
Financing rural electrification and rural telephones.....	207	315	330	301	303	342	342	392	373
Agricultural land and water resources.....	289	341	324	347	367	324	324	341	346
Research and other agricultural services.....	255	291	293	324	341	391	414	457	503
Total agriculture and agricultural resources.....	3,066	5,354	3,475	3,498	4,116	5,050	5,129	4,696	3,307

Natural resources:									
Land and water resources ^a	1,182	1,255	1,319	1,488	1,680	1,853	1,927	2,023	2,235
Forest resources.....	174	201	220	331	280	303	332	374	406
Mineral resources.....	59	71	65	61	68	71	91	105	108
Fish and wildlife resources.....	60	68	68	73	81	94	105	120	130
Recreational resources.....	69	85	74	91	94	112	130	134	152
General resource surveys and administration.....	44	61	61	55	60	73	73	94	89
Total natural resources.....	1,587	1,741	1,798	2,100	2,264	2,506	2,658	2,851	3,120
Commerce and transportation:									
Air transportation.....	315	494	568	716	781	808	835	875	879
Water transportation.....	392	436	508	569	654	672	658	728	708
Ground transportation.....	31	30	38	36	33	41	39	39	46
Postal service.....	674	774	525	914	797	770	578	805	888
Advancement of business.....	170	234	265	271	427	366	401	557	193
Area and regional development ⁷	(*)				7	101	401	398	156
Regulation of business.....	49	58	59	67	74	84	91	98	99
Total commerce and transportation.....	1,632	2,025	1,963	2,573	2,774	2,843	3,002	3,499	2,969
Housing and community development:									
Aids to private housing.....	-126	732	-172	-44	-149	-537	-595	-818	-406
Public housing programs.....	51	97	134	150	163	178	149	230	233
Urban renewal and community facilities.....	78	108	130	162	261	222	306	420	446
National Capital region.....	26	33	30	51	74	70	59	64	75
Total housing and community development.....	30	970	122	320	349	-67	-80	-104	347
Health, labor, and welfare:									
Health services and research ^a	523	664	774	917	1,177	1,437	1,784	1,781	2,523
Labor and manpower.....	488	924	510	809	591	224	345	464	500
Public assistance ^a	1,797	1,969	2,061	2,147	2,331	2,631	2,786	2,827	2,797
Economic opportunity programs.....								211	1,018
Other welfare services.....	234	284	304	327	382	423	466	513	736
Total health, labor, and welfare.....	3,042	3,841	3,650	4,200	4,481	4,715	5,381	5,797	7,574
Education:									
Assistance for elementary and secondary education ^a	189	259	327	332	337	392	404	418	1,368
Assistance for higher education.....	178	225	261	286	350	428	383	413	701
Assistance to science education and basic research.....	50	106	120	143	183	206	310	309	368
Other aid to education.....	124	141	156	181	207	219	241	405	397
Total education.....	541	732	866	943	1,076	1,244	1,339	1,544	2,834
Veterans' benefits and services:									
Veterans' service-connected compensation.....	2,024	2,071	2,049	2,034	2,017	2,116	2,158	2,176	2,221
Veterans' nonservice-connected pensions.....	1,037	1,152	1,265	1,532	1,635	1,698	1,743	1,864	1,910
Veterans' readjustment benefits.....	1,025	864	725	559	388	-13	113	-50	-664
Veterans' hospitals and medical care.....	856	921	961	1,030	1,084	1,145	1,229	1,270	1,318
Other veterans' benefits and services.....	242	280	266	259	279	240	249	235	238
Total veterans' benefits and services.....	5,184	5,287	5,266	5,414	5,403	5,186	5,492	5,495	5,023

Footnotes at end of table.

TABLE 15.—Administrative budget receipts by sources and expenditures by major functions, fiscal years 1958-66—Continued

[In millions of dollars]

Expenditures	1958	1959	1960	1961	1962	1963	1964	1965	1966
EXPENDITURES—Continued									
Interest:									
Interest on the public debt.....	7,607	7,593	9,180	8,957	9,120	9,895	10,666	11,346	12,014
Interest on refunds of receipts.....	74	69	76	83	68	74	88	77	104
Interest on uninvested funds.....	8	9	10	10	10	11	11	12	14
Total interest.....	7,689	7,671	9,266	9,050	9,198	9,980	10,765	11,435	12,132
General government:									
Legislative functions.....	89	102	109	118	135	131	126	142	159
Judicial functions.....	44	47	49	52	57	63	66	76	79
Executive direction and management.....	19	21	20	22	22	21	22	23	24
Central fiscal operations.....	502	566	558	607	653	715	791	825	864
General property and records management.....	245	295	372	372	419	444	576	606	585
Central personnel management.....	84	95	84	140	153	142	174	174	175
Protective services and alien control.....	233	255	263	289	300	323	335	366	385
Other general government.....	69	86	88	109	136	139	189	190	192
Total general government.....	1,284	1,466	1,542	1,709	1,875	1,979	2,280	2,402	2,464
Total expenditures by major functions.....	71,936	80,697	77,233	82,169	88,419	93,155	98,348	97,377	107,613
Deductions:									
Interfund transactions (included in both receipts and expenditures) ²	567	355	694	654	633	513	664	870	635
Net administrative budget expenditures.....	71,369	80,342	76,539	81,515	87,787	92,642	97,684	96,507	106,978
Administrative budget surplus, or deficit (—).....	—2,819	—12,427	1,224	—3,856	—6,378	—6,266	—8,226	—3,435	—2,251

^{*} Less than \$500,000.¹ Amounts representing refunds of principal for overpaid taxes formerly reported net of reimbursements from trust fund accounts are shown herein on a gross basis. These reimbursements to the Internal Revenue Service for refunds are included and netted with amounts for transfers to the respective trust fund accounts.² For details of these transactions for fiscal years 1963-66, see table 8.³ Expenditures are net of receipts of public enterprise funds.⁴ Includes functions formerly shown separately as: Family housing, civil defense, and revolving and management funds.⁵ The program under which agricultural commodities are donated abroad through voluntary agencies was reclassified from "Farm income stabilization" to "Food for Freedom."⁶ Expenditures for water pollution control were reclassified from "Health services and research" to "Land and water resources."⁷ Beginning with 1963 includes the temporary public works acceleration program which supplements expenditures in various other categories.⁸ Beginning with 1961, the portion of the expenditures for "Public assistance" which finances medical and hospital care for the aged has been included in "Health services and research."⁹ Beginning with 1966 includes "Educational improvement for the handicapped, civil rights educational activities, and arts and humanities educational activities", which through 1965, are included in "Other aid to education."

TABLE 16.—Trust and other transactions by major classifications, fiscal years 1956–66

[In millions of dollars. On basis of the "Monthly Statement of Receipts and Expenditures of the United States Government," see "Bases of Tables"]

Classification	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
TRUST ACCOUNTS, ETC.											
RECEIPTS											
Federal old-age and survivors insurance trust fund.....	7,003	7,159	7,900	8,182	10,439	11,910	12,141	13,984	16,196	16,595	18,673
Less refunds of taxes.....	-66	-58	-75	-74	-79	-86	-130	-128	-152	-179	-212
Federal disability insurance trust fund.....		339	943	938	1,071	1,093	1,104	1,157	1,224	1,254	1,632
Less refunds of taxes.....				-10	-10	-10	-12	-12	-13	-13	-15
Federal hospital insurance trust fund.....											916
Railroad retirement account.....	739	723	695	758	1,403	1,051	1,081	1,128	1,192	1,342	1,411
Unemployment trust fund.....	1,728	1,912	1,855	1,997	2,703	4,055	4,276	4,519	4,537	4,835	4,342
Less:											
Refunds of taxes.....						-2	-5	-3	-4	-8	-6
Return of advances to the general fund.....						-250	-285	-255	-244	-195	-210
National service life insurance fund.....	649	608	640	634	643	668	664	658	661	662	693
Government life insurance fund.....	73	69	67	63	61	58	54	52	50	48	47
Federal employees' retirement funds ¹	1,025	1,397	1,458	1,741	1,766	2,033	2,086	2,255	2,465	2,674	2,834
Highway trust fund.....		1,482	2,134	2,185	3,003	2,985	3,087	3,419	3,666	3,793	4,115
Less:											
Refunds of taxes.....		(*)	-90	-97	-103	-126	-131	-126	-127	-123	-120
Return of advances to the general fund.....					-359	-60					-70
Other trust funds and accounts ²	467	681	638	585	711	778	890	1,546	1,402	1,500	1,593
Less certain trust receipts which are also expenditures ³	-12	-10	-11	-135	-908	-515	-528	-505	-521	-638	-770
Net receipts ⁴	11,607	14,301	16,153	16,769	20,342	23,583	24,290	27,689	30,331	31,047	34,853
EXPENDITURES											
Federal old-age and survivors insurance trust fund ⁵	5,485	6,665	8,041	9,380	11,073	11,752	13,270	14,530	15,285	15,962	18,769
Federal disability insurance trust fund.....		1	181	361	561	746	1,089	1,259	1,341	1,498	1,937
Federal hospital insurance trust fund.....											64
Railroad retirement account.....	611	682	730	778	1,136	1,124	1,135	1,112	1,139	1,185	1,246
Unemployment trust fund.....	1,393	1,644	3,148	3,054	2,736	4,734	3,906	3,815	3,707	3,130	2,687
National service life insurance fund.....	512	515	544	562	582	707	626	747	585	545	485
Government life insurance fund.....	87	86	120	80	83	94	96	79	72	71	69
Federal employees' retirement funds ¹	507	591	699	792	896	955	1,063	1,183	1,326	1,446	1,695
Highway trust fund.....		966	1,512	2,613	2,945	2,620	2,784	3,017	3,645	4,026	3,965
Federal National Mortgage Association.....	112	971	105	134	988	-89	317	-730	-37	91	1,478
Other trust funds and accounts ²	425	565	915	672	711	698	835	1,208	1,055	1,152	1,574
Deposit fund accounts (net).....	168	216	-31	-61	-75	205	-544	146	-567	-210	-520
Government-sponsored enterprises (net):											
Farm Credit Administration:											
Banks for cooperatives.....	23	44	21	86	46	49	50	29	37	189	154
Federal intermediate credit banks.....				236	142	122	129	277	182	149	391
Federal land banks.....	241	230	95	241	249	225	195	176	248	561	574
Federal Home Loan Bank Board:											
Home loan banks.....	164	-124	-628	854	182	-487	872	363	1,572	660	1,293
Federal Deposit Insurance Corporation.....	-104	-104	-115	-124	-134	-148	-154	-161	-183	-180	-227
Total Government-sponsored enterprises.....	324	46	-627	1,292	484	-239	1,092	685	1,857	1,379	2,184

Footnotes at end of table.

TABLES

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TABLE 16.—Trust and other transactions by major classifications, fiscal years 1956-66—Continued

[In millions of dollars.]

Classification	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Less certain trust expenditures which are also receipts ¹	-12	-10	-11	-135	-908	-515	-528	-505	-521	-638	-770
Net expenditures ²	9,611	12,938	15,325	19,521	21,212	22,793	25,141	26,545	28,885	29,637	34,864
Excess of receipts, or expenditures (-).....	1,996	1,363	829	-2,751	-870	790	-851	1,143	1,446	1,410	-12
INVESTMENTS OF GOVERNMENT AGENCIES IN PUBLIC DEBT AND AGENCY SECURITIES (NET) ³											
Employees' life insurance fund.....	1	5	36	58	48	47	51	56	50	27	15
Federal old-age and survivors insurance trust fund.....	1,463	220	-499	-1,290	-726	-225	-1,089	-821	692	461	-857
Federal disability insurance trust fund.....		325	729	552	494	285	21	-129	-139	-263	-413
Federal hospital insurance trust fund.....											786
Railroad retirement account.....	121	36	-33	-35	264	-78	-63	1	69	149	154
Unemployment trust fund.....	258	274	-1,255	-1,011	-41	-952	72	456	573	967	1,468
National service life insurance fund.....	135	89	95	76	62	-44	44	-90	69	126	204
Government life insurance fund.....	-16	-16	-56	-17	-21	-35	-44	-25	-22	-22	-21
Federal employees' retirement funds ⁴	548	803	671	958	871	1,063	1,034	1,075	1,126	1,214	1,113
Highway trust fund.....		404	418	-393	-428	233	202	242	-69	-344	-28
Other trust funds and accounts ⁵	77	122	-59	-60	-2	-20	42	245	20	-59	447
Public enterprise funds.....	101	36	91	102	166	149	191	287	363	28	205
Government-sponsored enterprises.....	548	39	460	-70	239	434	30	771	43	72	490
Net investments, or sales (-).....	3,235	2,339	597	-1,130	925	855	493	2,069	2,775	2,356	3,562
SALES AND REDEMPTIONS OF GOVERNMENT AGENCY SECURITIES IN THE MARKET (NET)											
Guaranteed:											
Public enterprise funds.....	-30	-33	6	-10	-28	-81	-204	-162	-206	223	129
Trust enterprise funds.....					(*)	-19					
Not guaranteed:											
Public enterprise funds.....	-44	136	-233	6	(*)	74	-95	(*)	-35	-45	-60
Trust enterprise funds.....	-100	-1,188	-340	-67	-994	8	-359	597	262	-99	-1,472
Government-sponsored enterprises.....	-872	-86	167	-1,222	-723	-19	-1,122	-1,457	-1,900	-1,451	-2,674
Net redemptions, or sales (-).....	-1,046	-1,171	-400	-1,293	-1,746	537	-1,780	-1,022	-1,880	-1,372	-4,077

¹ Less than \$500,000.² Consists of civil service and foreign service retirement and disability funds.³ Includes principally: District of Columbia revenues from taxes, etc., and Federal contributions, loans, and grants to the District of Columbia; Indian tribal funds; adjusted certificate fund; increment resulting from reduction in weight of gold dollar; and funds appropriated to the President. The railroad unemployment insurance administration fund is included from 1954 through November 1958.⁴ Totals shown for trust receipts and trust expenditures exclude certain inter-fund transactions which are included in the detail of both trust receipts and trust expenditures. The transactions deducted consist mainly of financial interchanges between trust funds resulting in receipts and expenditures. For details of these transactions, for the fiscal years 1963-66, see table 9.⁵ Refunds of taxes (principal only) are shown as deductions from receipts.⁶ Includes reimbursement for certain administrative expenses met out of general fund appropriations.⁷ Includes principally: Adjusted service certificate fund; District of Columbia operating expenses; Indian tribal funds; funds appropriated to the President; payment of melting losses on gold; railroad unemployment insurance administration fund from 1954 through November 1958; beginning with 1955 Federal National Mortgage Association secondary market operations (net); employees health benefits and life insurance funds; and other trust enterprise funds.⁸ Includes investments in agency securities.⁹ Includes adjusted service certificate fund; employees health benefits and life insurance funds; and investments of other accounts. Beginning with fiscal 1957 includes Federal National Mortgage Association (secondary market operations) and judicial survivors annuity fund. Federal intermediate credit banks are included from Jan. 1, 1957, through Dec. 31, 1958; beginning Jan. 1, 1959, they are classified as Government-sponsored enterprises.

TABLE 17.—*Receipts from and payments to the public, fiscal years 1956-66*

[In millions of dollars. On basis of the "Monthly Statement of Receipts and Expenditures of the United States Government"]

PART I.—SUMMARY OF FEDERAL GOVERNMENT CASH TRANSACTIONS WITH THE PUBLIC

Classification	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Federal receipts from the public:											
Administrative budget receipts (net) ¹	67,850	70,562	68,550	67,915	77,763	77,659	81,409	86,376	89,459	93,072	104,727
Trust and other receipts (net) ²	11,607	14,301	16,153	16,769	20,342	23,583	24,290	27,689	30,331	31,047	34,853
Intragovernmental and other noncash transactions (see receipt adjustments Part II).....	-2,370	-2,758	-2,811	-3,025	-3,027	-4,001	-3,834	-4,326	-4,259	-4,420	-5,100
Total Federal receipts from the public.....	77,087	82,105	81,892	81,660	95,078	97,242	101,865	109,739	115,530	119,699	134,480
Federal payments to the public:											
Administrative budget expenditures (net) ¹	66,224	68,966	71,369	80,342	76,539	81,515	87,787	92,642	97,684	96,507	106,978
Trust fund and other expenditures (net) ²	9,611	12,938	15,325	19,521	21,212	22,793	25,141	26,545	28,885	29,637	34,864
Intragovernmental and other noncash transactions (see payment adjustments Part II).....	-3,290	-1,899	-3,222	-5,111	-3,423	-4,766	-5,266	-5,436	-6,237	-3,749	-4,026
Total Federal payments to the public.....	72,546	80,006	83,472	94,752	94,328	99,542	107,662	113,751	120,332	122,395	137,817
Excess of cash receipts from, or payments to (-) the public.....	4,541	2,099	-1,580	-13,092	750	-2,300	-5,797	-4,012	-4,802	-2,696	-3,337
Cash borrowing from the public, or repayment (-):											
Public debt increase, or decrease (-).....	-1,623	-2,224	5,816	8,363	1,625	2,640	9,230	7,659	5,853	5,561	2,633
Net sales of Government agency securities in market (net).....	1,046	1,171	400	1,293	1,746	-537	1,780	1,022	1,880	1,372	4,077
Net investment (-) in public debt and agency securities.....	-3,235	-2,339	-597	1,130	-925	-855	-493	-2,069	-2,775	-2,356	-3,562
Other noncash transactions (see borrowing adjustments, Part II).....	-623	292	200	-2,160	-597	-536	-923	-1,033	-1,099	-250	-530
Total net cash borrowing from the public, or repayment (-).....	-4,436	-3,100	5,820	8,626	1,848	712	9,594	5,579	3,859	4,328	2,618
Seigniorage ³.....	23	49	59	44	53	55	58	45	69	117	649
Total cash transactions with the public.....	128	-952	4,299	-4,422	2,651	-1,533	3,854	1,611	-874	1,749	-71
Cash balances—net increase, or decrease (-):											
Treasurer's account.....	331	-956	4,159	-4,399	2,654	-1,311	3,736	1,686	-1,080	1,575	-203
Cash held outside Treasury.....	-202	5	140	-23	-4	-222	118	-74	206	174	132
Total changes in the cash balances.....	128	-952	4,299	-4,422	2,651	-1,533	3,854	1,611	-874	1,749	-71

Footnotes at end of table.

TABLE 17.—Receipts from and payments to the public, fiscal years 1956-66—Continued
[In millions of dollars]PART II.—INTRAGOVERNMENTAL AND OTHER NONCASH TRANSACTIONS
[Showing details of amounts included as adjustments in Part I]

Classification	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Adjustments applicable to receipts:											
Intragovernmental transactions:											
Interest on trust fund investments.....	1,207	1,318	1,342	1,315	1,327	1,404	1,423	1,467	1,603	1,759	1,894
Civil service retirement—payroll deductions for employees ⁴	571	641	660	744	744	838	845	914	973	1,042	1,088
Civil service retirement—employers' share ⁴	233	525	579	744	744	838	845	914	973	1,042	1,089
Other.....	335	224	170	178	159	866	663	986	642	459	381
Subtotal.....	2,346	2,709	2,751	2,980	2,975	3,945	3,776	4,281	4,190	4,303	4,451
Excess profits tax refund bonds ⁵	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Seigniorage ⁶	23	49	59	44	53	55	58	45	60	117	649
Total receipt adjustments.....	2,370	2,758	2,811	3,025	3,027	4,001	3,834	4,326	4,259	4,420	5,100
Adjustments applicable to payments:											
Intragovernmental transactions (see detail under receipt adjustments).....	2,346	2,709	2,751	2,980	2,975	3,945	3,776	4,281	4,190	4,303	4,451
Applicable also to net borrowings:											
Savings and retirement plan bonds increment ⁸	393	336	385	383	136	430	496	577	611	571	571
Discount on securities.....	62	52	-131	418	205	-209	145	119	268	144	225
International Monetary Fund notes.....	175	-674	-450	1,361	259	258	171	255	117	-472	-133
Other special security issues ⁷	-7	-6	-4	-2	-2	56	111	83	103	6	-132
Subtotal.....	623	-292	-200	2,160	597	536	923	1,033	1,099	250	531
Accrued interest on public debt ⁹	82	39	93	76	132	6	18	186	38	110	-50
Checks outstanding and other accounts ⁹	238	-557	576	-105	-281	279	548	-64	910	-913	-906
Total payment adjustments.....	3,290	1,899	3,222	5,111	3,423	4,766	5,266	5,436	6,237	3,749	4,026
Adjustments applicable to net borrowings:											
Debt issuance representing:											
Receipts—excess profits tax refund bonds ⁵	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Payments (see detail under payment adjustments).....	623	-292	-200	2,160	597	536	923	1,033	1,099	250	531
Total borrowing adjustments (net).....	623	-292	-200	2,160	597	536	923	1,033	1,099	250	530

¹ Less than \$500,000.² For details see table 12.³ For details see table 13.⁴ Includes the increment resulting from reduction in the weight of the gold dollar; excluded from receipts from the public but included in cash deposits in the Treasurer's account.⁵ Beginning with fiscal 1958 excludes District of Columbia.⁶ Treated as noncash refund deductions from receipts when issued and as cash refund deductions when redeemed.⁷ Accrued interest on bonds, i.e., the difference between the purchase price and the current redemption value less interest paid on bonds redeemed.⁸ Includes adjustments for payments of adjusted service bonds and Armed Forces leave bonds; the net issue or redemption of special notes to the International Development Association and the Inter-American Development Bank; and special bonds to U.N. funds.⁹ Net increase or decrease of public debt interest due and accrued beginning June 30, 1955, effective date of the change in accounting and reporting from a due and payable basis to an accrual basis.¹⁰ Checks outstanding less deposits in transit, and changes in other accounts; net increase, or decrease (-). (See also footnote 6.)

TABLE 18.—*Administrative budget receipts and expenditures based on existing and proposed legislation, actual for the fiscal year 1966 and estimated for 1967 and 1968*

[In millions of dollars. On basis of 1968 budget document]

Source	1966 actual	1967 estimate	1968 estimate
ADMINISTRATIVE BUDGET RECEIPTS			
Internal revenue:			
Individual income taxes:			
Withheld.....	42,811	49,500	59,200
Other.....	18,486	19,400	21,600
Total individual income taxes.....	61,298	68,900	80,800
Corporation income taxes.....	30,834	35,200	34,700
Excise taxes:			
Alcohol taxes:			
Distilled spirits.....	2,767	2,900	3,050
Beer.....	887	925	970
Rectification tax.....	27	30	32
Wines.....	110	119	129
Special taxes in connection with liquor occupations.....	22	22	22
Total alcohol taxes.....	3,814	3,996	4,203
Tobacco taxes:			
Cigarettes (small).....	2,006	2,070	2,200
Cigars (large).....	57	58	59
Cigarette papers and tubes.....	1	1	1
Manufactured tobacco (chewing, smoking, and snuff) ¹	9		
All other.....	1	1	1
Total tobacco taxes.....	2,074	2,130	2,261
Documents and other instruments:			
Issues of securities, stock, and bond transfers.....	146	85	45
Deeds of conveyance.....			
Manufacturers excise taxes:			
Gasoline.....	2,824	3,175	3,051
Lubricating oils used in highway vehicles ²	91	109	91
Lubricating oils not used in highway vehicles.....			
Passenger automobiles ³	1,492	1,580	1,330
Automobile trucks, buses, and trailers.....	460	587	510
Parts and accessories for automobiles ¹	197	51	41
Parts and accessories for trucks ²			
Tires, inner tubes, and tread rubber.....	481	537	526
Electric light bulbs ¹	16	1	
Firearms, shells, and cartridges.....	24	30	32
Fishing rods, creels, etc.....	8	10	10
Pistols and revolvers.....	3	3	3
All other.....	17		
Total manufacturers excise taxes.....	5,614	6,083	5,594
Retailers excise taxes (repealed).....	108	5	
Miscellaneous excise taxes:			
General and toll telephone and teletype service ⁴	908	1,200	1,020
Other communications services ¹			
Transportation of persons by air.....	140	199	196
Transportation of freight by air.....			9
Fuel used on inland waterways.....			7
Jet fuel.....			5
Diesel fuel used on highways.....	159	184	265
Use tax on certain vehicles.....	104	116	263
Admissions, exclusive of cabarets, roof gardens, etc. ⁵	46		
Cabarets, roof gardens, etc. ⁵	36	1	
Wagering taxes, including occupational taxes.....	6	7	7
Club dues and initiation fees ¹	53	2	
Sugar tax.....	103	116	111
Coin-operated gaming devices.....	16	17	18
Interest equalization tax.....	26	30	35
Foreign insurance policies.....	3	14	15
All other miscellaneous excise taxes.....	4	2	2
Total miscellaneous excise taxes.....	1,603	1,888	1,953

Footnotes at end of table.

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TABLE 18.—Administrative budget receipts and expenditures based on existing and proposed legislation, actual for the fiscal year 1966 and estimated for 1967 and 1968—Continued

[In millions of dollars]

Source	1966 actual	1967 estimate	1968 estimate
ADMINISTRATIVE BUDGET RECEIPTS—Continued			
Internal revenue—Continued			
Excise taxes—Continued			
Undistributed depositary receipts and unapplied collections	38	40	62
Total excise taxes	13,398	14,227	14,118
Employment taxes:			
Federal Insurance Contributions Act and Self-Employment Contributions Act	19,005	25,360	27,292
Railroad Retirement Tax Act	684	747	835
Federal Unemployment Tax Act	567	589	597
Total employment taxes	20,256	26,696	28,724
Estate and gift taxes	3,094	3,130	3,130
Total internal revenue	128,880	148,153	161,472
Customs	1,811	2,025	2,145
Miscellaneous receipts:			
Miscellaneous taxes	7	7	8
Seigniorage	649	1,072	519
Bullion charges	1	1	1
Fees for permits and licenses	105	118	131
Fines, penalties, forfeitures	27	18	166
Gifts and contributions	(*)	1	1
Interest	847	1,044	960
Dividends and other earnings	1,731	1,873	2,195
Rents	235	427	442
Royalties	208	181	197
Sales of products	494	387	383
Fees and other charges for services and special benefits	127	155	152
Sale of Government property	944	908	1,028
Realization upon loans and investments	359	412	201
Recoveries and refunds	132	177	137
Total miscellaneous receipts	5,865	6,781	6,518
Gross receipts	136,556	156,959	170,135
Deduct:			
Transfers to:			
Federal old-age and survivors insurance trust fund	16,474	20,592	21,749
Federal disability insurance trust fund	1,442	2,053	2,142
Federal hospital insurance trust fund	862	2,470	3,076
Railroad retirement account	683	747	835
Unemployment trust fund	561	582	590
Highway trust fund	3,917	4,514	4,546
Beauty-safety trust fund			400
Refunds of receipts:			
Internal revenue:			
Individual income taxes	5,851	6,700	7,600
Corporation income taxes	761	800	800
Excise taxes	337	413	372
Employment taxes	234	252	332
Estate and gift taxes	28	30	30
Total internal revenue	7,211	8,195	9,134
Customs	45	45	45
Miscellaneous receipts	(*)		
Total refunds of receipts	7,256	8,240	9,179
Deduct: Interfund transactions (included in both receipts and expenditures)	635	766	682
Net administrative budget receipts	104,727	116,995	126,937

Footnotes at end of table.

TABLE 18.—*Administrative budget receipts and expenditures based on existing and proposed legislation, actual for the fiscal year 1966 and estimated for 1967 and 1968—Continued*

[In millions of dollars]

Source	1966 actual	1967 estimate	1968 estimate
NET ADMINISTRATIVE BUDGET EXPENDITURES			
Legislative branch.....	232	263	270
The judiciary.....	79	90	96
Executive Office of the President.....	26	31	28
Funds appropriated to the President.....	4,324	4,806	5,418
Agriculture Department.....	5,949	5,751	6,047
Commerce Department.....	673	746	997
Defense Department:			
Military.....	54,409	66,950	72,300
Civil.....	1,309	1,345	1,415
Health, Education, and Welfare Department.....	7,552	10,746	11,739
Housing and Urban Development Department.....	767	586	—102
Interior Department.....	1,437	1,456	1,692
Justice Department.....	372	426	445
Labor Department.....	503	500	527
Post Office Department.....	888	1,208	544
State Department.....	407	424	420
Transportation Department ⁶	1,276	1,471	1,375
Treasury Department.....	13,055	14,460	15,116
Atomic Energy Commission.....	2,403	2,270	2,330
General Services Administration.....	601	695	710
National Aeronautics and Space Administration.....	5,933	5,600	5,300
Veterans' Administration.....	5,070	6,400	6,121
Other independent agencies.....	275	1,052	651
District of Columbia.....	71	119	127
Allowances for:			
Pay increases.....			1,000
Possible shortfall in asset sales.....			750
Contingencies.....		100	400
Subtotal administrative budget expenditures.....	107,613	127,495	135,715
Deduct: Interfund transactions (included in both receipts and expenditures).....	635	766	682
Net administrative budget expenditures.....	106,978	126,729	135,033
Administrative budget surplus, or deficit (—).....	—2,251	—9,734	—8,096

*Less than \$500,000.

¹ Repealed as of Jan. 1, 1966.

² Transferred to highway trust fund as of Jan. 1, 1966.

³ Under existing legislation will be reduced from 7 percent to 2 percent on Apr. 1, 1968.

⁴ Under existing legislation will be reduced from 10 percent to 1 percent on Apr. 1, 1968.

⁵ Repealed as of noon Dec. 31, 1965.

⁶ Established pursuant to Public Law 89-670, Oct. 15, 1966

TABLE 19.—Trust and other transactions, actual for the fiscal year 1966 and estimated for 1967 and 1968

[In millions of dollars. On basis of 1968 Budget document]

Source	1966 actual	1967 estimate	1968 estimate
TRUST ACCOUNTS, ETC.			
RECEIPTS			
Federal old-age and survivors insurance trust fund:			
Employment taxes.....	16,686	20,820	22,020
Less: Refunds of taxes.....	-212	-228	-271
Deposits by States.....	1,392	1,581	1,698
Interest on investments.....	588	713	874
Federal payment for military service credits.....		156	78
Other.....	7	1	(*)
Federal disability insurance trust fund:			
Employment taxes.....	1,458	2,070	2,169
Less: Refunds of taxes.....	-16	-17	-27
Deposits by States.....	114	157	168
Interest on investments.....	60	65	81
Federal payment for military service credits.....		32	16
Other.....	(*)	(*)	(*)
Federal hospital insurance trust fund:			
Transfers from general fund.....	862	2,470	3,103
Less: Refunds of taxes.....			-27
Deposits by States.....	47	176	239
Interest payments by Railroad Retirement Board.....		16	46
Interest and profits on investments.....	7	61	92
Federal payment for military service credits.....		22	11
Federal payment for transitional coverage.....		327	273
Other.....		(*)	(*)
Federal supplementary medical insurance trust fund:			
Premium contributions.....		623	658
Federal contributions.....		623	658
Interest and profits on investments.....		10	13
Other.....		(*)	(*)
Unemployment trust fund:			
Deposits by States.....	3,067	3,000	3,000
Federal unemployment taxes.....	567	589	597
Less: Refunds of taxes.....	-6	-7	-7
Railroad unemployment insurance account:			
Deposits by Railroad Retirement Board.....	139	136	135
Other receipts.....	50	48	48
Interest on investments.....	309	379	461
Railroad retirement accounts:			
Employment taxes.....	683	747	835
Interests and profits on investments.....	150	164	173
Payment from FOASI trust fund.....	444	532	477
Payment from Federal disability insurance trust fund.....	25	28	21
Repayment of advances and interest on loans to railroad unemployment insurance account.....	92	91	90
Payment for military service credits and other.....	17	17	18
Federal employees' retirement funds:			
Deductions from employees' salaries.....	1,101	1,144	1,144
Payment from other funds:			
Employing agency contributions.....	1,101	1,144	1,144
Federal contributions.....	67	73	71
Voluntary contributions, donations, etc.....	16	16	16
Interest and profits on investments.....	548	622	693
Highway trust fund:			
Excise taxes.....	4,037	4,727	4,699
Less: Refunds of taxes.....	-120	-213	-153
Interest on investments.....	8	9	46
Repayments from general fund.....			15
Beauty—safety trust fund:			
Excise taxes.....			400
Interest and profits on investments.....			2
Veterans' life insurance funds:			
Premiums and other receipts.....	511	517	515
Payments from general and special funds.....	5	5	5
Interest on investments.....	224	229	235
Foreign assistance—military.....	708	1,103	1,376
Indian tribal funds.....	74	101	101
District of Columbia.....	436	528	571
All other trust funds.....	375	221	272
Subtotal.....	35,622	45,632	48,872
Less: Interfund transactions.....	-770	-734	-730
Net receipts.....	34,853	44,898	48,142

Footnotes at end of table.

TABLE 19.—Trust and other transactions, actual for the fiscal year 1966 and estimated for 1967 and 1968—Continued

(In millions of dollars)

Source	1966 actual	1967 estimate	1968 estimate
TRUST ACCOUNTS, ETC.—Continued			
EXPENDITURES			
Federal old-age and survivors insurance trust fund:			
Benefit payments.....	18,071	18,964	19,928
Proposed increase in benefit payments and administrative expenses.....			3,663
Administrative expenses and construction.....	494	648	697
Reimbursement of administrative expenses from Federal disability, Federal hospital, and Federal supplementary medical insurance trust funds.....	-241	-300	-323
Payment to Railroad Retirement Board.....	444	532	477
Vocational rehabilitation services.....		(*)	1
Federal disability insurance trust fund:			
Benefit payments.....	1,721	1,845	1,965
Administrative expenses—reimbursement to Federal old-age and survivors insurance trust fund.....	189	94	112
Payment to railroad retirement account.....	25	28	21
Proposed increase in benefit payments and administrative expenses.....			277
Other.....	1	15	14
Federal hospital insurance trust fund:			
Administrative expenses.....	64	85	96
Benefit payments.....		2,395	2,624
Proposed increase in benefit payments and administrative expenses.....			156
Federal supplementary medical insurance trust fund:			
Administrative expenses—reimbursement to Federal old-age and survivors insurance trust fund.....		133	129
Payment to general fund—administrative expenses.....		1	2
Benefit payments.....		861	1,121
Proposed increase in benefit payments and administrative expenses.....			43
Unemployment trust fund:			
Withdrawals by States.....	1,974	1,810	1,764
Grants to States for unemployment compensation and employment service administration.....	494	542	576
Railroad unemployment benefit payments.....	88	84	84
Temporary extended unemployment compensation:			
Benefits.....	(*)		
Repayment of general fund advances.....	21	8	
Interest payments.....	2	4	4
Administrative expenses.....	16	16	16
Repayment of advances to railroad retirement account.....	92	91	90
Railroad retirement accounts:			
Benefit payments.....	1,194	1,248	1,312
Administrative expenses.....	12	13	13
Advances to railroad unemployment insurance account.....	41	39	39
Interest on refund of taxes.....	(*)		
Payment to Federal hospital insurance trust fund.....		16	46
Proposed increase in benefit payments.....			100
Federal employees' funds:			
Retirement funds.....	1,694	1,956	2,129
Employees health benefits fund (net).....	1	-4	-14
Employees' life insurance fund (net).....	-17	-49	-52
Retired employees health benefits fund (net).....	(*)	1	(*)
Highway trust fund:			
Federal-aid highways.....	3,965	3,938	3,773
Improvement of the Pentagon road network.....	(*)	(*)	(*)
Forest highways.....			33
Interest on advances from general fund.....	1		
Public lands highways.....			10
Beauty—safety trust fund:			
Transfer to highway beautification trust fund.....			133
Traffic and highway safety programs trust fund.....			23
State and community highway safety programs trust fund.....			100
Veterans' life insurance funds.....	554	673	587
Federal National Mortgage Association trust fund (net).....	1,478	1,283	442
Foreign assistance—military.....	751	1,115	1,363
Indian tribal funds.....	84	72	62
District of Columbia funds.....	430	561	635
Deposit funds and all other trust funds.....	-196	174	324
Government-sponsored enterprise (net).....	2,184	2,224	642
Net purchases of participation certificates ³		500	
Subtotal.....	35,634	41,616	45,236
Less: Interfund transactions ¹	-770	-734	-730
Net expenditures.....	34,864	40,882	44,506
Excess of receipts (-), or expenditures.....	-12	4,016	-3,635

Footnotes at end of table.

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TABLE 19.—*Trust and other transactions, actual for the fiscal year 1966 and estimated for 1967 and 1968—Continued*

[In millions of dollars]

Source	1966 actual	1967 estimate	1968 estimate
INVESTMENTS OF GOVERNMENT AGENCIES IN PUBLIC DEBT AND AGENCY SECURITIES (NET)			
Federal disability insurance trust fund	-413	391	8
Federal old-age and survivors insurance trust fund	-857	3,425	-140
Federal hospital insurance trust fund	786	608	860
Federal employees' funds	1,122	1,084	993
Federal supplementary medical insurance trust fund	-----	260	34
Railroad retirement account	154	274	178
Unemployment trust fund	1,468	1,466	1,696
Veterans' life insurance funds	183	-19	169
Highway trust fund	-28	582	570
Federal National Mortgage Association trust fund	-6	151	382
District of Columbia municipal government funds	(*)	2	1
Other trust accounts	458	-3	6
Public enterprise funds	205	308	508
Government-sponsored enterprises	490	72	259
Net investments, or sales (-)	3,562	8,600	5,523
SALES AND REDEMPTIONS OF GOVERNMENT AGENCY SECURITIES IN THE MARKET (NET)			
Federal National Mortgage Association: Secondary market operations	-1,472	-1,434	-823
Federal Housing Administration	129	-59	-30
Tennessee Valley Authority	-60	-110	-100
Government-sponsored enterprises	-2,676	-2,295	-900
Other	(*)	(*)	(*)
Net redemptions, or sales (-)	-4,077	-3,898	-1,853

* Less than \$500,000.

¹ For details of transactions for the fiscal year 1966, see table 9.² Payment of interest on advances from general fund and railroad retirement account and interest on refund of taxes.³ Expenditures for individual trust accounts do not include the net changes to such accounts for purchases and sales of participation certificates.

TABLE 20.—*Effect of financial operations on the public debt, actual for the fiscal year 1966 and estimated for 1967 and 1968*

[In millions of dollars. On basis of 1968 Budget document]

Source	1966 actual	1967 estimate	1968 estimate
Administrative budget receipts and expenditures:			
Net receipts.....	104,727	116,995	126,937
Net expenditures.....	106,978	126,729	135,033
Administrative budget deficit.....	2,251	9,734	8,096
Trust fund receipts and expenditures:			
Net receipts.....	34,853	44,898	48,142
Net expenditures.....	34,864	40,882	44,507
Excess or expenditures, or receipts (—).....	12	—4,016	—3,635
Excess of investments in, or sales (—) of public debt and agency securities.....	3,562	8,600	5,523
Excess of sales (—), or redemptions of Government agency securities in market (net).....	—4,077	—3,898	—1,853
Increase (—), or decrease in checks outstanding, deposits in transit (net), etc.....	956	—123	—61
Changes in cash balances:			
Treasurer's account ¹	—203	—3,407	.....
Held outside Treasury.....	132	—18	.....
Net increase, or decrease (—).....	—71	—3,425	.....
Increase in public debt.....	2,633	6,872	8,070
Gross debt beginning of period.....	317,274	319,907	326,780
Gross debt end of period.....	319,907	326,780	334,850
Guaranteed securities of Government agencies, not owned by Treasury.....	462	521	550
Total public debt and guaranteed securities.....	320,369	327,300	335,400
Less debt not subject to statutory limitation.....	266	230	200
Total debt subject to statutory limitation.....	320,102	327,070	335,200

¹ The balance in the Treasurer's account at the end of each year is as follows: \$12,407 million for 1966; \$9,000 million for 1967; and \$9,000 million for 1968.

TABLE 21.—*Internal revenue collections by tax sources, fiscal years 1936-66* ¹
 [In thousands of dollars. As reported by Internal Revenue Service, see "Bases of Tables" and Note]

Fiscal year	Income and profits taxes					Employment taxes					Capital stock tax ⁴	Estate tax	Gift tax
	Individual income taxes ²			Corporation income and profits taxes ²	Total income and profits taxes ²	Old-age and disability insurance taxes ²	Unemployment insurance taxes	Railroad retirement tax	Total employment taxes ²				
	Withheld by employers	Other	Total individual income taxes										
1936.....		674,416	674,416	753,032	1,427,448			48	48	94,943	218,781	160,059	
1937.....		1,091,741	1,091,741	1,088,101	2,179,842	207,339	58,119	287	265,745	137,499	281,636	23,912	
1938.....		1,286,312	1,286,312	1,342,718	2,629,030	502,918	90,267	149,476	742,660	139,349	382,175	34,699	
1939.....		1,028,834	1,028,834	1,156,281	2,185,114	529,836	101,167	109,427	740,429	127,203	332,280	28,436	
1940.....		982,017	982,017	1,147,592	2,129,609	605,350	106,123	122,048	833,521	132,739	330,886	29,185	
1941.....		1,417,655	1,417,655	2,053,469	3,471,124	687,328	100,658	137,871	925,856	166,653	355,194	51,864	
1942.....		3,262,800	3,262,800	4,744,083	8,006,884	895,336	119,617	170,409	1,185,362	281,900	340,323	92,217	
1943.....	686,015	5,943,917	6,629,932	9,668,956	16,298,888	1,131,546	156,008	211,151	1,498,705	328,795	414,531	32,965	
1944.....	7,823,435	10,437,570	18,261,005	14,766,796	33,027,802	1,290,025	183,337	265,011	1,738,372	380,702	473,466	37,745	
1945.....	10,264,219	8,770,094	19,034,313	16,027,213	35,061,526	1,307,931	186,489	284,758	1,779,177	596,137	708,794	46,918	
1946.....	9,857,589	8,846,947	18,704,536	12,553,602	31,258,138	1,237,825	178,745	284,258	1,700,828	352,121	629,601	47,232	
1947.....	9,842,282	9,501,015	19,343,297	9,676,459	29,019,756	1,458,934	185,876	379,555	2,024,365	1,597	708,794	70,497	
1948.....	11,533,577	9,464,204	20,997,781	10,174,410	31,172,191	1,612,721	208,508	560,113	2,381,342	1,723	822,380	76,965	
1949.....	10,055,502	7,996,320	18,051,822	11,553,669	29,605,491	1,687,151	226,228	562,734	2,476,113	6,138	735,781	60,757	
1950.....	9,888,976	7,264,332	17,153,308	10,854,351	28,007,659	1,873,401	223,135	548,038	2,644,575	266	657,441	48,785	
1951.....	13,089,770	9,907,539	22,997,308	14,387,669	37,384,878	2,810,749	236,952	579,778	3,627,480	(⁵)	638,523	91,207	
1952.....	17,929,047	11,345,060	29,274,107	21,466,910	50,741,017	3,584,025	259,616	620,622	4,464,264	(⁵)	750,591	82,556	
1953.....	21,132,275	11,403,942	32,536,217	21,594,515	54,130,732	3,816,252	273,182	628,969	4,718,403	(⁵)	784,590	106,694	
1954.....	22,077,113	10,736,578	32,813,691	21,546,322	54,360,014	4,218,520	283,882	605,221	5,107,623	(⁵)	863,344	71,778	
1955.....	21,253,625	10,396,480	31,650,106	18,264,720	49,914,826	5,339,573	279,986	600,106	6,219,665	(⁵)	848,492	87,775	
1956.....	24,015,676	11,321,966	35,337,642	21,298,522	56,636,164	6,336,805	324,656	634,323	7,295,784	(⁵)	1,053,867	117,370	
1957.....	26,727,543	12,302,229	39,029,772	21,530,653	60,560,425	6,634,467	330,034	616,020	7,580,522	(⁵)	1,253,071	124,928	
1958.....	27,040,911	11,527,648	38,568,559	20,533,316	59,101,874	7,733,223	335,880	575,282	8,644,386	(⁵)	1,277,032	133,873	
1959.....	29,001,375	11,733,369	40,734,744	18,091,509	58,826,254	8,004,355	324,020	525,369	8,853,744	(⁵)	1,235,823	117,160	
1960.....	31,674,588	13,271,124	44,945,711	22,179,414	67,125,126	10,210,550	341,108	606,931	11,158,589	(⁵)	1,439,259	187,089	
1961.....	32,977,654	13,175,346	46,153,001	21,764,940	67,917,941	11,586,283	345,356	570,812	12,502,451	(⁵)	1,745,480	170,912	
1962.....	36,246,109	14,403,485	50,649,594	21,295,711	71,945,305	11,686,231	457,629	564,311	12,708,171	(⁵)	1,796,227	238,960	
1963.....	38,718,702	14,268,878	52,987,581	22,336,134	75,323,714	13,484,379	948,464	571,644	15,004,486	(⁵)	1,971,614	215,843	
1964.....	39,258,881	15,331,473	54,590,354	24,300,863	78,891,218	15,557,783	850,858	593,864	17,002,504	(⁵)	2,110,992	305,312	
1965.....	36,840,394	16,820,288	53,660,683	26,131,334	79,792,016	15,846,073	622,499	635,734	17,104,306	(⁵)	2,454,332	291,201	
1966.....	42,811,381	18,486,170	61,297,552	30,834,243	92,131,795	19,005,488	567,014	683,631	20,256,133	(⁵)	2,646,968	446,954	

Fiscal year	Excise taxes										Documents, other instru- ments, and playing cards ⁷
	Alcohol taxes ⁵					Tobacco taxes ⁵					
	Distilled spirits ⁶	Beer ⁶	Wines	Other, in- cluding occu- pational taxes	Total alcohol taxes	Cigarettes	Cigars	Other	Total tobacco taxes, etc.		
1936	222,431	244,581	8,968	29,484	505,464	425,505	12,361	63,299	501,166	68,990	
1937	274,049	277,455	5,901	36,750	594,245	476,046	13,392	62,816	552,254	69,919	
1938	260,066	269,348	5,892	32,673	567,979	493,454	12,882	61,846	568,182	46,233	
1939	283,575	259,704	6,395	38,126	587,800	504,056	12,913	63,190	580,159	41,083	
1940	317,732	264,579	8,060	33,882	624,253	533,059	12,995	62,464	608,518	38,681	
1941	428,642	316,741	11,423	63,250	820,056	616,757	13,514	67,805	698,077	39,057	
1942	574,598	366,161	23,986	83,772	1,048,517	704,949	14,482	61,551	780,982	41,702	
1943	781,873	455,634	33,663	152,476	1,423,646	835,260	23,172	65,425	923,857	45,155	
1944	899,437	559,152	34,095	126,091	1,618,775	904,046	30,259	54,178	988,483	50,800	
1945	1,484,306	638,682	47,391	139,487	2,309,866	836,753	36,678	58,714	932,145	65,528	
1946	1,746,580	650,824	60,844	67,917	2,526,165	1,072,971	41,454	51,094	1,165,519	87,676	
1947	1,685,369	661,418	57,196	70,779	2,474,762	1,145,268	48,354	44,146	1,237,768	79,978	
1948	1,436,233	697,097	60,962	61,035	2,255,327	1,208,204	46,752	45,325	1,300,280	79,466	
1949	1,397,954	686,368	65,782	60,504	2,210,607	1,232,735	45,590	43,550	1,321,875	72,828	
1950	1,421,900	667,411	72,601	57,291	2,219,202	1,242,851	42,170	43,443	1,328,464	84,648	
1951	1,746,834	665,009	67,254	67,711	2,546,808	1,293,973	44,275	42,148	1,380,396	93,107	
1952	1,589,730	727,604	72,374	159,412	2,549,120	1,474,072	44,810	46,281	1,565,162	84,995	
1953	1,846,727	762,983	80,535	90,681	2,780,925	1,586,782	46,326	21,803	1,654,911	90,319	
1954	1,873,630	769,774	78,678	60,928	2,783,012	1,513,740	45,618	20,871	1,580,229	90,000	
1955	1,870,599	737,233	81,824	53,183	2,742,840	1,504,197	46,246	20,770	1,571,213	112,049	
1956	2,023,334	765,441	86,580	45,219	2,920,574	1,549,045	45,040	19,412	1,613,497	114,927	
1957	2,080,104	760,520	87,428	45,143	2,973,195	1,610,908	44,858	18,283	1,674,050	107,546	
1958	2,054,184	757,597	90,303	44,377	2,946,461	1,668,208	47,247	18,566	1,734,021	109,452	
1959	2,098,496	767,205	90,918	45,477	3,002,096	1,738,050	51,101	17,665	1,806,816	133,817	
1960	2,255,761	796,233	98,850	42,870	3,193,714	1,863,562	50,117	17,825	1,931,504	139,231	
1961	2,276,543	795,427	96,073	44,757	3,212,801	1,923,540	49,604	17,974	1,991,117	149,350	
1962	2,386,487	813,482	98,033	43,281	3,341,282	1,956,527	49,726	19,483	2,025,736	159,319	
1963	2,467,521	825,412	101,871	46,853	3,441,656	2,010,524	50,232	18,481	2,079,237	149,069	
1964	2,535,596	887,560	107,779	46,564	3,577,499	1,976,675	56,309	19,561	2,052,545	171,614	
1965	2,710,603	905,730	110,153	46,147	3,772,634	2,069,695	60,923	17,976	2,148,594	186,289	
1966	2,767,400	887,319	110,284	49,376	3,814,378	2,006,499	57,662	9,796	2,073,956	146,457	

Footnotes at end of table.

TABLE 21.—Internal revenue collections by tax sources, fiscal years 1936-66 ¹—Continued

[In thousands of dollars]

Fiscal year	Excise taxes—Continued												
	Manufacturers excise taxes ²												
	Gasoline	Lubricating oils	Passenger automobiles and motorcycles ³	Automobile trucks and busses	Parts and accessories for automobiles ¹⁰	Tires, tubes, and tread rubber	Business and store machines ¹¹	Refrigerators, freezers, air-conditioners, etc. ¹²	Radio and television receiving sets and phonographs, parts ¹¹	Electric, gas, and oil appliances ¹¹	Electrical energy	All other ¹³	Total manufacturers excise taxes
1936	177,340	27,103	48,201	7,000	7,110	32,208	-----	7,939	5,075	-----	33,575	37,165	382,716
1937	196,533	31,463	65,265	9,031	10,086	40,819	-----	9,913	6,754	-----	35,975	44,744	450,581
1938	203,648	31,565	43,365	6,697	7,989	31,567	-----	8,829	5,849	-----	38,455	39,188	417,152
1939	207,019	30,497	42,723	6,008	7,935	34,819	-----	6,958	4,834	-----	39,859	16,323	396,975
1940	226,187	31,233	59,351	7,866	10,630	41,555	-----	9,954	6,080	-----	42,339	11,957	447,152
1941	343,021	38,221	81,403	10,747	13,084	51,054	-----	13,279	6,935	-----	47,021	12,609	617,373
1942	369,587	46,432	77,172	18,361	28,088	64,811	6,972	16,246	19,144	17,702	49,978	57,406	771,898
1943	288,786	43,318	1,424	4,230	20,478	18,345	6,461	5,966	5,561	6,913	48,705	54,559	504,746
1944	271,217	52,473	1,222	3,247	31,551	40,334	3,760	2,406	3,402	5,027	51,239	37,584	503,462
1945	405,563	92,865	2,558	20,847	49,440	75,257	10,120	1,637	4,753	12,060	57,004	50,406	782,511
1946	405,695	74,602	25,893	37,144	68,871	118,092	15,792	9,229	13,385	25,492	59,112	69,365	922,671
1947	433,676	82,015	204,680	62,099	99,932	174,927	25,183	37,352	63,856	65,608	63,014	113,052	1,425,395
1948	478,638	80,887	270,958	91,963	122,951	159,284	32,707	58,473	67,267	87,858	69,701	128,548	1,649,234
1949	503,647	81,760	332,812	136,797	120,138	150,899	33,344	77,833	49,160	80,935	79,347	124,860	1,771,533
1950	534,270	70,072	452,066	123,630	88,733	151,795	30,012	64,316	42,085	80,406	85,704	112,966	1,836,053
1951	588,647	77,639	653,363	121,285	119,475	198,383	44,991	96,319	128,187	121,996	93,184	140,706	2,383,677
1952	734,715	73,746	578,149	147,445	164,135	161,328	48,515	57,970	118,244	89,544	53,094	122,059	2,348,943
1953	890,679	73,321	785,716	210,032	177,924	180,047	50,259	87,424	159,383	113,390	(u)	134,613	2,862,788
1954	836,893	68,029	867,482	149,914	134,759	152,567	48,992	75,059	135,535	97,415	(u)	122,488	2,689,133
1955	954,678	69,818	1,047,813	134,805	136,709	164,316	57,281	38,004	136,849	50,859	(u)	93,883	2,885,016
1956	1,030,397	74,584	1,376,372	189,434	145,797	177,872	70,146	49,078	161,098	71,064	(u)	110,171	3,456,013
1957	1,458,217	73,601	1,144,233	199,298	157,291	251,454	83,175	46,894	149,192	75,196	(u)	123,374	3,761,925
1958	1,636,629	69,996	1,170,003	206,104	166,720	259,820	90,658	39,379	146,422	61,400	(u)	127,004	3,974,135
1959	1,700,253	73,685	1,039,272	215,279	166,234	278,911	93,894	40,593	152,566	62,373	(u)	135,728	3,958,789
1960	2,015,863	81,679	1,331,292	271,938	189,476	304,466	99,370	50,034	169,451	69,276	(u)	152,285	4,735,129
1961	2,370,303	74,296	1,228,629	236,659	188,819	279,572	98,305	55,920	148,989	64,483	(u)	150,826	4,896,802
1962	2,412,714	73,012	1,300,440	257,200	198,077	361,562	81,719	54,638	173,024	66,435	(u)	154,129	5,132,949
1963	2,497,316	74,410	1,559,510	303,144	224,507	398,860	74,845	61,498	184,220	68,171	(u)	163,827	5,160,309
1964	2,618,370	76,316	1,745,969	350,945	228,762	411,483	71,867	62,799	197,595	77,576	(u)	178,861	6,020,543
1965	2,687,135	76,095	1,887,691	425,361	252,874	440,467	74,426	75,987	221,769	80,983	(u)	195,356	6,418,145
1966	2,824,189	90,776	1,492,225	460,069	196,546	481,803	6,745	137	15 - 3,761	5,367	(u)	59,773	5,613,869

Fiscal year	Excise taxes—Continued										
	Retailers excise taxes ¹¹					Miscellaneous excise taxes					
	Jewelry	Furs	Toilet preparations	Luggage, handbags, wallets	Total retailers excise taxes	Toll telephone, telegraph, radio, and cable services ¹⁶	General telephone service	Transportation of persons ¹⁷	Transportation of property (including coal)	Admissions ¹⁸	
										General admissions	Cabarets
1936.....						21,098				15,773	1,339
1937.....						24,570				18,185	1,555
1938.....						23,977				19,284	1,517
1939.....						24,094				18,029	1,442
1940.....						26,368				20,265	1,623
1941.....						27,331				68,620	2,343
1942.....	41,501	19,744	18,922		80,167	48,231	26,791	21,379		107,633	7,400
1943.....	88,366	44,223	32,677		165,266	91,174	66,987	87,132	82,556	138,054	16,397
1944.....	113,373	58,726	44,790	8,343	225,232	141,275	90,199	153,683	215,488	178,563	26,726
1945.....	184,220	79,418	86,615	73,851	424,105	208,018	133,569	234,182	221,088	300,589	56,877
1946.....	223,342	91,706	95,574	81,423	492,046	234,393	145,689	226,750	220,121	343,191	72,077
1947.....	236,615	97,481	95,542	84,588	514,227	252,746	164,944	244,003	275,701	392,873	63,350
1948.....	217,899	79,539	91,852	80,632	469,923	275,255	193,521	246,323	317,203	385,101	53,527
1949.....	210,688	61,946	93,969	82,607	449,211	311,380	224,531	251,389	337,030	385,844	48,857
1950.....	190,820	45,781	94,995	77,532	409,128	312,339	247,281	228,738	321,193	371,244	41,453
1951.....	210,239	57,604	106,339	82,831	457,013	354,660	290,320	237,617	381,342	346,492	42,646
1952.....	220,339	51,436	112,892	90,799	475,466	395,434	310,337	275,174	388,689	330,816	45,489
1953.....	234,659	49,923	115,676	95,750	496,009	417,940	357,933	287,408	419,604	312,831	46,691
1954.....	209,256	39,036	110,149	79,891	438,332	412,508	359,473	247,415	395,554	271,952	38,312
1955.....	142,366	27,053	71,829	50,896	292,145	230,251	200,198	200,465	398,039	106,086	39,271
1956.....	152,340	28,261	83,776	57,519	321,896	241,543	315,690	214,903	450,579	104,018	42,255
1957.....	156,604	29,494	92,868	57,116	336,081	266,186	347,024	222,158	467,978	75,847	43,241
1958.....	156,134	28,544	98,158	58,785	341,621	279,375	370,810	225,809	462,989	54,683	42,019
1959.....	156,382	29,909	107,968	61,468	355,728	292,412	398,023	227,044	¹⁹ 143,250	49,977	45,117
1960.....	165,699	30,207	120,211	62,573	378,690	312,055	426,242	255,459	¹⁹ 3,140	34,494	49,605
1961.....	168,498	29,226	131,743	68,182	397,649	343,894	483,408	264,262	1,306	36,679	33,603
1962.....	176,023	31,163	144,594	69,384	421,163	350,566	492,912	262,760	568	39,169	35,606
1963.....	181,902	29,287	158,351	74,019	443,558	364,618	515,987	233,928	451	42,789	39,794
1964.....	189,437	30,016	176,857	78,704	475,013	379,608	530,588	106,062	277	47,053	41,026
1965.....	204,572	31,390	195,833	81,386	513,181	458,057	620,880	125,890	215	51,968	43,623
1966.....	43,264	3,179	40,898	20,814	108,155	907,917	(²⁰)	139,624	115	45,668	35,736

Footnotes at end of table.

TABLE 21.—Internal revenue collections by tax sources, fiscal years 1936-66 ¹—Continued

[In thousands of dollars]

Fiscal year	Excise taxes—Continued						Unclassified excise taxes ²³	Total excise taxes	Taxes not otherwise classified	Grand total
	Miscellaneous excise taxes—Continued									
	Club dues and initiation fees	Sugar	Diesel and special motor fuels ²¹	Use tax on highway motor vehicles weighing over 26,000 lbs. ²¹	All other ²²	Total miscellaneous excise taxes				
1936	6,091				44,656	88,957		1,547,293	²⁴ 71,637	3,520,208
1937	6,288				46,984	97,561		1,764,561		4,653,195
1938	6,551	30,569			49,410	131,307		1,730,853		5,658,765
1939	6,217	65,414			46,900	162,096		1,768,113		5,181,574
1940	6,335	68,145			43,171	165,907		1,884,512		5,340,452
1941	6,583	74,835			45,143	224,855		2,399,417		7,370,108
1942	6,792	68,230			131,461	417,916		3,141,183		13,047,869
1943	6,520	53,552			192,460	734,831		3,797,503		22,371,386
1944	9,182	68,789			193,017	1,076,921		4,463,674		40,121,760
1945	14,160	73,294			188,700	1,430,476		5,944,630		43,800,388
1946	18,899	56,732			172,249	1,490,101		6,684,178		40,672,097
1947	23,299	59,152			75,176	1,551,245		7,283,376		39,108,386
1948	25,499	71,247			88,035	1,655,711		7,409,941		41,864,542
1949	27,790	76,174			89,799	1,752,792		7,578,846		40,463,125
1950	28,740	71,188			98,732	1,720,908		7,598,405		38,957,132
1951	30,120	80,192			79,210	1,842,598		8,703,599		50,445,686
1952	33,592	78,473	7,138		82,430	1,947,472		8,971,158		65,009,586
1953	36,829	78,130	15,091		88,708	2,061,164		9,946,118		69,686,535
1954	31,978	74,477	17,969		86,889	1,936,527		9,517,233		69,919,991
1955	41,963	78,512	22,692		85,156	1,492,633	114,687	9,210,582	²⁵ 7,352	66,288,692
1956	47,171	82,894	24,464		84,981	1,608,497	-31,209	10,004,195	²⁵ 5,289	75,112,649
1957	54,236	86,091	39,454	27,163	89,132	1,718,509	66,237	10,637,544	²⁵ 15,482	80,171,971
1958	60,338	85,911	46,061	33,117	79,316	1,741,327	-32,749	10,814,268	²⁵ 7,024	79,978,476
1959	64,813	86,378	52,528	32,532	43,879	1,435,953	66,351	10,759,549	²⁵ 5,444	79,797,973
1960	67,187	89,856	71,869	38,333	38,588	1,386,829	99,644	11,864,741		91,774,803
1961	64,357	91,813	88,856	45,575	43,767	1,497,526	-80,943	12,064,302		94,401,086
1962	69,452	95,636	105,178	79,761	37,651	1,507,258	101,468	12,752,176		99,440,839
1963	71,097	99,903	113,012	99,481	38,596	1,619,656	66,251	13,406,737		105,925,395
1964	75,120	95,411	128,079	100,199	43,206	1,546,631	106,387	13,950,232		112,260,237
1965	79,671	97,109	152,188	102,038	54,447	1,786,056	-32,119	14,792,779		114,434,634
1966	52,571	102,932	159,326	104,240	55,236	1,603,364	37,933	13,398,112		128,879,961

* Revised.

¹ For figures for 1863-1915, see 1929 annual report, p. 419; for 1916-28, see 1947 annual report, p. 310; and for 1929-35, see 1963 report, p. 486.

² Beginning with January 1951, withheld income taxes and old-age insurance taxes on employees, and employers, beginning with January 1957, disability insurance taxes on employees and employers, and beginning with fiscal 1966 hospital insurance taxes are paid into the Treasury in combined amounts without separation as to type of tax. Similarly, for the same periods, the old-age insurance and disability insurance taxes on self-employment income are combined with income tax other than withheld. The distribution of amounts of these taxes by type is based on estimates made by the Secretary of the Treasury in accordance with provisions of sec. 201(a) of the Social Security Act, as amended (42 U.S.C. 401(a)). Individual income taxes withheld by employers, 1951-56, include amounts subsequently transferred to the Government of Guam, under the provisions of the act approved Aug. 1, 1950 (48 U.S.C. 1421h). Beginning with 1957 these amounts are excluded.

³ Beginning with 1952 includes the tax on business income of exempt organizations. Includes income tax on the Alaska Railroad, which was repealed effective for taxable years ending after June 30, 1952.

⁴ Repealed for years ending after June 30, 1945. Beginning with 1951 included under "Miscellaneous excise taxes, All other."

⁵ Beginning with 1954 includes amounts of tax collected in Puerto Rico upon products of Puerto Rican manufacture coming into the United States; data for earlier years are exclusive of such amounts. "Other" tobacco taxes repealed effective Jan. 1, 1966 (Public Law 89-44).

⁶ Through 1956 "Distilled spirits" included amounts collected by Customs on imports of both distilled spirits and beer. Beginning with 1957 imported beer is included with "Beer" instead of "Distilled spirits."

⁷ Includes stamp taxes on bonds, issues of capital stock, deeds of conveyance, transfers of capital stock and similar interest sales, playing cards, and silver bullion sales or transfers. Tax on playing cards, repealed, effective June 22, 1965 (Public Law 89-44); silver bullion sales or transfers, repealed, effective June 5, 1963 (Public Law 88-36). Issues and transfers of stocks and bonds, repealed effective Jan. 1, 1966 (Public Law 89-44). Tax on foreign insurance policies (1 cent or 4 cents per \$1 of premium) payable by return on and after Jan. 1, 1966 (Public Law 89-44 and Treasury Decision 6568). Deeds of conveyance: \$100 to \$500, 55 cents; each additional \$500 or fraction thereof, 55 cents.

⁸ Includes taxes on sales under the act of Oct. 22, 1914; manufacturers, consumers, and dealers excise taxes under war revenue and subsequent acts; and for 1936 and subsequent years, manufacturers excise taxes under the act of 1932, as amended. Soft drink taxes are included under "Miscellaneous excise taxes, All other."

⁹ Passenger automobiles, rate 10 percent through May 14, 1965; 7 percent from May 15, 1965-Dec. 31, 1965; 6 percent Jan. 1, 1966-Mar. 15, 1966 (Public Law 89-44). Under the Tax Adjustment Act of 1966, rate restored to 7 percent, effective Mar. 16, 1966 (Public Law 89-368). Motorcycles, repealed effective Sept. 1, 1955 (Public Law 379).

¹⁰ Parts and accessories for automobiles (except truck parts), repealed effective Jan. 1, 1966 (Public Law 89-44).

¹¹ Repealed, effective June 22, 1965 (Public Law 89-44).

¹² Air conditioners, repealed, effective May 15, 1965; refrigerators and freezers, repealed effective June 22, 1965 (Public Law 89-44).

¹³ Beginning with 1936 includes manufacturers excise taxes on jewelry, furs, and toilet preparations; beginning 1942 includes manufacturers excise taxes on phonograph records, musical instruments, and luggage. The tax on phonograph records for 1933

through 1941 was not reported separately and is included in "Radio and television receiving sets and phonographs, parts." See also footnote 22.

¹⁴ Repealed by Revenue Act of 1951. Collections for the years subsequent to 1952 are included under "Miscellaneous excise taxes, All other."

¹⁵ Negative figure stems primarily from floor stock credits taken on certain taxes repealed by the Excise Tax Reduction Act of 1965.

¹⁶ General and toll telephone and teletypewriter service reduced to 3 percent, effective Jan. 1, 1966. Private communications service, telegraph service, and wire equipment service, repealed effective Jan. 1, 1966 (Public Law 89-44). For general and toll telephone service and for teletypewriter exchange service, the rate of tax on amounts paid on bills first rendered on or after Apr. 1, 1966, for services rendered after Jan. 31, 1966, is increased from 3 percent to 10 percent of the amount paid (Public Law 89-368).

¹⁷ Transportation of persons: Rate of 10 percent repealed, effective Nov. 10, 1962, except on air transportation which was reduced to 5 percent.

¹⁸ Repealed effective noon Dec. 31, 1965.

¹⁹ Repealed effective Aug. 1, 1958 (26 U.S.C. 4292 note).

²⁰ Separate data not available after fiscal 1965. Now included in "Toll telephone, telegraph, radio, and cable services."

²¹ Beginning with fiscal 1957 collections are applied in accordance with provisions of the Highway Revenue Act of 1956, as amended (23 U.S.C. 120 note).

²² Includes: Certain delinquent taxes collected under repealed laws, capital stock taxes prior to 1951 which are shown under "Capital stock," and various other taxes not shown separately.

²³ Includes undistributed depositary receipts and unapplied collections of excise taxes.

²⁴ Consists of agricultural adjustment taxes.

²⁵ Beginning with 1955, includes unidentified and excess collections, and profits from sale of acquired property. For 1954 and earlier years such amounts are included in "Miscellaneous excise taxes, All other." For 1955 through 1957 also includes depositary receipts outstanding 6 months or more for which no tax accounts were identified.

NOTE.—These figures are from Internal Revenue Service reports of collections and for years prior to 1955 are not directly comparable to gross budget receipts from internal revenue. The differences in amounts occur because of differences in the time when payments are included in the respective reports. Through 1954 the payments were included in Internal Revenue Service collection reports after the returns to which they applied had been received in internal revenue offices. Beginning with 1955 tax payments are included in budget receipts when reported in the Account of the Treasurer of the United States.

Under arrangements begun in 1950, for withheld income tax and old-age insurance taxes and later extended to railroad retirement taxes and many excises, these taxes are paid currently into Treasury depositaries and the depositary receipts, as evidence of such payment, are attached to quarterly returns to the Internal Revenue Service. Under this procedure, the payments are included in budget receipts in the month in which the depositary receipts are issued to taxpayers.

Revised accounting procedures, effective July 1, 1954, extended this practice to Internal Revenue Service collection reports, so that these reports likewise include depositary receipts in the month in which they are issued instead of the month in which tax returns supported by the receipts are received in directors' offices. It is not possible to make a complete classification of excise taxes paid into depositaries until the returns are received. Accordingly, the item "Unclassified excise taxes" includes the amount of "undistributed depositary receipts," i.e., the amount of depositary receipts issued, less the amount of depositary receipts received with returns and distributed by classes of tax.

TABLE 22.—Internal revenue collections and refunds by States, fiscal year 1966

[In thousands of dollars. On basis of Internal Revenue Service reports]

States, etc.	Individual income and employment taxes	Corporation income taxes	Excise taxes	Estate and gift taxes	Total collections	Refunds of taxes
Alabama.....	624,248	148,693	20,664	18,839	812,445	82,349
Alaska.....	71,791	7,771	1,981	295	81,837	11,694
Arizona.....	357,231	38,103	6,255	18,944	420,533	58,793
Arkansas.....	302,386	51,794	22,611	9,314	386,105	42,569
California.....	8,094,710	1,689,423	936,903	364,064	11,085,100	1,014,870
Colorado.....	1,115,238	145,225	104,891	20,937	1,386,291	80,991
Connecticut.....	1,699,472	483,543	188,732	116,484	2,488,232	117,278
Delaware.....	514,332	625,214	2,335	62,401	1,204,282	21,133
Florida.....	1,544,020	340,849	95,091	96,700	2,076,660	159,282
Georgia.....	1,163,087	364,249	128,172	38,590	1,694,099	124,807
Hawaii.....	242,247	63,323	9,733	8,310	323,614	30,939
Idaho.....	187,777	48,736	4,868	4,362	245,743	24,742
Illinois.....	6,092,206	2,539,809	902,421	214,124	9,748,561	466,281
Indiana.....	1,869,779	509,877	345,166	30,839	2,755,661	165,572
Iowa.....	714,458	192,170	27,951	31,574	966,153	88,135
Kansas.....	581,346	141,479	21,665	22,596	767,086	72,640
Kentucky.....	606,850	218,488	1,129,742	26,830	1,981,909	75,414
Louisiana.....	811,156	194,308	65,058	29,739	1,100,261	101,709
Maine.....	249,379	51,249	6,104	12,380	319,112	31,389
Maryland.....	2,201,529	351,865	319,136	89,834	2,962,364	169,306
Massachusetts.....	2,606,412	785,192	190,133	104,621	3,686,407	203,370
Michigan.....	4,028,898	3,783,382	2,068,312	93,823	9,974,415	312,325
Minnesota.....	1,339,787	466,959	110,056	37,442	1,954,254	136,923
Mississippi.....	291,063	53,597	7,404	6,643	358,707	41,994
Missouri.....	1,879,593	698,008	284,435	74,307	2,936,342	159,551
Montana.....	147,540	30,674	3,898	6,641	188,753	23,193
Nebraska.....	494,073	127,858	59,842	15,248	696,021	47,136
Nevada.....	177,483	35,001	13,866	12,101	238,451	25,152
New Hampshire.....	224,357	44,898	2,471	9,649	281,375	25,449
New Jersey.....	2,764,511	1,076,266	359,244	109,706	4,309,726	280,698
New Mexico.....	209,893	26,609	8,454	12,334	257,291	30,854
New York.....	13,678,730	8,042,673	1,350,440	518,463	23,590,306	771,800
North Carolina.....	1,111,606	604,319	1,228,374	55,472	2,999,771	120,064
North Dakota.....	1,116,262	11,807	4,115	2,818	135,003	18,064
Ohio.....	5,356,115	1,990,813	765,298	140,236	8,252,462	386,097
Oklahoma.....	638,662	185,207	280,340	33,850	1,138,059	69,282
Oregon.....	647,730	147,137	27,479	16,007	838,353	70,375
Pennsylvania.....	5,089,558	1,768,874	771,990	241,220	7,871,642	420,675
Rhode Island.....	411,269	127,601	20,164	18,193	577,227	33,777
South Carolina.....	438,863	147,041	17,254	12,360	615,518	57,240
South Dakota.....	120,941	18,750	6,340	4,314	150,345	19,579
Tennessee.....	825,153	227,145	37,918	29,588	1,119,804	101,509
Texas.....	3,062,959	846,875	717,234	146,872	4,773,940	336,204
Utah.....	243,678	51,448	16,080	6,585	317,791	39,077
Vermont.....	108,428	19,147	5,447	5,512	138,533	11,397
Virginia.....	1,138,531	321,093	421,174	45,521	1,926,319	130,264
Washington.....	1,156,156	287,088	91,893	35,320	1,570,457	120,927
West Virginia.....	331,250	64,561	15,789	15,352	426,952	50,064
Wisconsin.....	1,406,094	586,135	198,472	39,478	2,230,179	139,492
Wyoming.....	77,274	7,519	7,035	6,085	97,912	12,248
International ²	353,264	44,396	55,229	21,001	473,890	44,402
Undistributed:						
Depository receipts ³	1,780,973	-----	-87,595	-----	1,693,379	-----
Transferred to Government of Guam.....	-4,133	-----	-----	-----	-4,133	-----
Withheld taxes of Federal employees ⁴	257,462	-----	-----	-----	257,462	-----
Unclassified.....	-----	-----	-----	-----	-----	1,548
Total.....	\$81,553,685	30,834,243	\$13,398,112	3,093,922	128,879,961	7,210,667

Footnotes on next page

Footnotes to table 22.

¹ Includes the District of Columbia.² Collections from and refunds to U. S. taxpayers in Puerto Rico, Canal Zone, etc., and in foreign countries.³ Consists of all those issued during the fiscal year minus those received with tax returns which are included in the State totals.⁴ Net transactions in the clearing account on the central books of the Treasury for withheld income taxes from salaries of Federal employees.⁵ Includes approximately \$20.0 billion transferred to the Federal old-age and survivors insurance trust fund, the Federal disability insurance trust fund, Federal hospital insurance trust fund, and the railroad retirement account as provided by the Social Security Act, as amended (42 U. S. C. 401(a) (b) and the Railroad Retirement Act (45 U. S. C. 228e(k)) for benefit payments within the States.⁶ Includes \$3.9 billion gasoline and certain other highway user levies transferred to the highway trust fund for highway construction in the States, in accordance with the Highway Revenue Act of 1956, as amended (23 U. S. C. 120 note).⁷ Inclusive of the reimbursement of \$354 million to the general fund from the Federal old-age and survivors insurance trust fund, the Federal disability insurance trust fund, the highway trust fund, and the Federal Unemployment Tax Act (42 U. S. C. 1101(b)(3)) which is the estimated aggregate of refunds due on taxes collected and transferred.

NOTE.—Receipts in the various States do not indicate the Federal tax burden of each, since in many instances, taxes are collected in one State from residents of another State. For example, withholding taxes reported by employers located near State lines may include substantial amounts withheld from salaries of employees who reside in neighboring States. Likewise payments of refunds within a State may not be applicable to the collections within that State, since refunds are payable in the State of residence or principal place of business of the taxpayer which may not be the point at which collections are made.

Collections in full detail by tax source and region are shown in the "Annual Report of the Commissioner of Internal Revenue" and in lesser detail in the "Combined Statement of Receipts, Expenditures and Balances of the United States Government."

TABLE 23.—*Deposits of earnings by the Federal Reserve banks, fiscal years 1947-66*¹

	1947-63	1964	1965	1966	Cumulative through 1966
Boston.....	\$393,649,472.89	\$45,569,975.47	\$67,883,240.59	\$85,531,922.44	\$592,634,611.39
New York.....	1,838,624,121.98	251,545,129.94	354,317,201.70	446,216,515.13	2,890,702,968.75
Philadelphia.....	440,986,386.10	51,235,869.29	74,907,236.98	89,018,448.25	656,147,940.62
Cleveland.....	620,511,893.83	79,608,803.67	113,661,624.75	141,152,752.61	954,934,984.86
Richmond.....	452,731,136.10	62,318,919.41	89,242,724.65	107,862,333.64	712,155,113.80
Atlanta.....	360,042,099.13	47,558,768.86	70,172,287.20	90,957,931.36	568,730,996.55
Chicago.....	1,256,829,100.97	163,061,035.08	231,749,555.70	282,346,299.20	1,933,985,990.95
St. Louis.....	298,107,616.21	34,848,808.20	48,676,706.80	58,217,948.09	439,851,079.30
Minneapolis.....	161,405,161.54	15,420,548.72	25,285,916.53	32,963,675.67	235,075,302.46
Kansas City.....	304,286,253.01	35,151,829.02	51,198,738.46	65,101,489.72	455,738,310.21
Dallas.....	259,916,072.39	33,093,813.70	55,148,759.71	71,189,087.52	419,347,733.32
San Francisco.....	766,875,942.73	127,098,021.21	189,799,248.84	242,283,545.74	1,326,056,758.52
Total.....	7,153,965,076.88	946,511,522.57	1,372,043,241.91	1,712,841,949.37	11,185,361,790.73

¹ Pursuant to sec. 16 of the Federal Reserve Act, as amended (12 U. S. C. 414). Through 1959, consists of approximately 90 percent of earnings of the Federal Reserve banks after payment of necessary expenses and statutory dividends, and after provisions for restoring the surplus of each bank to 100 percent of subscribed capital where it fell below that amount. Beginning in 1960, pursuant to a decision by the Board of Governors of the Federal Reserve System, consists of all net earnings after dividends and after provisions for building up surplus to 100 percent of subscribed capital at those banks where surplus is below that amount and also of the amounts by which surplus at the other banks exceeds subscribed capital. Beginning in 1965, the surplus is maintained at the level of the paid in capital instead of subscribed capital.

TABLE 24.—Customs collections and payments by regions and districts, fiscal year 1966

Regions and districts	Collections				Payments			Cost to collect \$100
	Duties and miscellaneous customs collections	Internal Revenue Service	Collections for others	Total	Refunds ¹		Expenses (net obligations)	
					Excessive duties and similar refunds	Draw-back		
Boston region							\$387,035	
District offices:								
Boston	\$86,590,240	\$21,946,182	\$535	\$108,536,957			2,879,943	\$2.65
Bridgeport	6,991,184	10,496,850		17,488,034			255,385	1.46
Buffalo	36,496,468	6,001,125	230	42,497,823			2,360,412	5.55
Ogdensburg	22,169,985	31,111,134		53,281,119			1,523,085	2.86
Portland, Maine	4,737,922	24,970		4,762,892			1,367,867	28.72
Providence	6,294,462	1,757,962		8,052,424			201,953	2.51
St. Albans	6,488,577	3,756,976		10,245,553			1,406,608	13.73
Total, Boston region	169,768,838	75,095,199	765	244,864,802	\$3,562,302	\$1,135,616	10,382,288	4.24
New York regional office	782,042,611	159,063,746	490	941,106,847	6,434,692	7,531,086	27,578,578	2.93
Baltimore region							452,141	
District offices:								
Baltimore	46,388,684	22,983,777	838	69,373,299			1,755,593	2.53
Norfolk	34,344,537	1,294,877	274	35,639,688			942,991	2.65
Philadelphia	100,241,446	37,897,363	371	138,139,180			2,470,264	1.79
Total, Baltimore region	180,974,667	62,176,017	1,483	243,152,167	1,221,709	838,874	5,620,989	2.31
Miami region							288,978	
District offices:								
Charleston	31,868,690	1,060,811		32,929,501			398,966	1.21
Miami	16,011,084	11,747,409	133	27,758,626			2,322,148	8.37
San Juan ²	273,641	159,852	284	433,777				
Savannah	12,544,384	2,178,013	445	14,722,842			377,841	2.57
Tampa	13,020,783	8,680,453	232	21,701,468			1,459,772	6.73
Wilmington	22,315,171	1,462,709		23,777,880			296,093	1.25
Total, Miami region	96,033,753	25,289,247	1,094	121,324,094	1,135,529	1,959,388	5,143,798	4.24
New Orleans region							427,945	
District offices:								
Mobile	8,114,896	1,179,143	349	9,294,388			329,469	3.54
New Orleans	47,630,664	10,048,176	1,709	57,680,549			1,894,445	3.28
Total, New Orleans region	55,745,560	11,227,319	2,058	66,974,937	465,317	511,294	2,651,859	3.96
Houston region							50,102	
District offices:								
El Paso	7,464,912	2,302,520		9,767,432			1,191,650	12.20
Galveston	4,348,766	784,785	2,670	5,136,221			984,491	19.17
Houston	29,775,319	11,168,589	450	40,944,358			1,907,056	4.66
Laredo	18,123,571	154,667	4,150	18,282,388			2,071,777	11.53
Port Arthur	1,868,480	33,567	500	1,902,547			182,522	9.69
Total, Houston region	61,581,048	14,444,128	7,770	76,032,946	476,238	130,495	6,387,598	8.40
Los Angeles region							423,778	
District offices:								
Los Angeles	127,014,103	37,879,472	905	164,894,480			4,548,992	2.76
Nogales	10,689,705	30,524		10,720,229			693,725	6.47
San Diego	8,406,866	332,288	1,141	8,740,295			1,244,591	14.24
Total, Los Angeles region	146,110,674	38,242,284	2,046	184,355,004	1,512,140	534,013	6,911,086	3.75

Footnotes at end of table.

TABLE 24.—*Customs collections and payments by regions and districts, fiscal year 1966—Continued*

Regions and districts	Collections				Payments			Cost to collect \$100
	Duties and miscellaneous customs collections	Internal Revenue Service	Collections for others	Total	Refunds ¹		Expenses (net obligations)	
					Excessive duties and similar refunds	Draw-back		
San Francisco region.....							\$562, 191	
District offices:								
Great Falls.....	\$3, 701, 358	\$2, 833	-----	\$3, 704, 191	-----	-----	409, 391	\$11. 05
Honolulu.....	8, 825, 932	2, 148, 542	\$139	10, 974, 613	-----	-----	1, 081, 281	9. 85
Juneau.....	555, 987	100, 446	-----	656, 433	-----	-----	337, 862	51. 47
Portland, Oreg.....	19, 779, 178	1, 875, 171	22	21, 654, 371	-----	-----	597, 840	2. 76
San Francisco.....	62, 929, 072	27, 676, 723	671	90, 606, 466	-----	-----	2, 513, 827	2. 77
Seattle.....	28, 202, 935	15, 862, 215	615	44, 065, 765	-----	-----	2, 107, 092	4. 78
Total, San Francisco region.....	123, 994, 462	47, 665, 930	1, 447	171, 661, 839	\$1, 402, 892	\$471, 650	7, 608, 984	4. 43
Chicago region.....							311, 268	
District offices:								
Chicago.....	69, 007, 498	42, 346, 779	55	111, 354, 332	-----	-----	2, 403, 109	2. 16
Cleveland.....	28, 749, 078	50, 281, 593	-----	79, 030, 671	-----	-----	1, 207, 665	1. 53
Detroit.....	70, 613, 936	110, 611, 504	149	181, 225, 589	-----	-----	2, 763, 061	1. 52
Duluth.....	7, 402, 737	44, 862	-----	7, 447, 599	-----	-----	450, 385	6. 05
Milwaukee.....	5, 166, 095	2, 780, 099	-----	7, 946, 194	-----	-----	279, 965	3. 52
Minneapolis.....	3, 602, 535	4, 754, 535	-----	8, 357, 070	-----	-----	327, 734	3. 92
Pembina.....	9, 639, 762	59, 390	-----	9, 699, 152	-----	-----	773, 511	7. 98
St. Louis.....	10, 913, 656	8, 131, 316	-----	19, 044, 972	-----	-----	391, 110	2. 05
Total, Chicago region.....	205, 095, 297	219, 010, 078	204	424, 105, 579	10, 693, 160	4, 606, 524	8, 907, 808	2. 10
Total, all regions.....	1, 821, 346, 910	652, 213, 948	17, 357	2, 473, 578, 215	26, 903, 979	17, 718, 940	\$1, 192, 988	3. 28
Items not assigned to districts.....	38, 609	-----	-----	38, 609	4, 346	-----	\$6, 658, 529	-----
Grand total...	1, 821, 385, 519	652, 213, 948	17, 357	2, 473, 616, 824	26, 908, 325	17, 718, 940	\$7, 851, 517	3. 55

¹ Available on regional basis only.² Does not include collections of \$23,166,858 deposited to the trust fund: Refunds, transfers, and expenses of operations, Puerto Rico, Bureau of Customs.³ Washington headquarters and foreign offices.⁴ Included in Internal Revenue excise tax collections reported in table 22.

TABLE 25.—*Summary of customs collections and expenditures, fiscal years 1965 and 1966*

[On basis of Bureau of Customs accounts]

SCHEDULE 1.—COLLECTIONS BY CUSTOMS

Collections	1965	1966	Percentage increase, or decrease (—)
Collections:			
Duties:			
Consumption entries.....	\$1,241,552,607	\$1,544,334,804	24.4
Warehouse withdrawals.....	179,206,399	207,750,200	15.9
Mail entries.....	16,112,045	16,545,271	2.7
Passenger baggage entries.....	2,957,438	3,429,458	16.0
Crewmember baggage entries.....	962,540	1,043,373	8.4
Informal entries.....	12,950,353	14,615,692	12.9
Appraisement entries.....	154,704	175,061	13.2
Supplemental duties.....	23,204,574	22,801,029	-1.7
Withheld duties.....	179,412	189,853	5.8
Other duties.....	268,748	285,471	6.2
Total duties.....	1,477,548,820	1,811,170,212	22.6
Miscellaneous:¹			
Violations of customs laws.....	2,546,332	2,930,048	15.1
Marine inspection and navigation services.....	31,883	29,739	-6.7
Testing, inspecting, and grading.....	548,555	603,784	10.1
Miscellaneous taxes.....	5,540,501	6,200,681	11.9
Fees.....	321,263	319,544	-.5
Unclaimed funds.....	123,665	95,973	-22.4
Recoveries.....	103,602	21,166	-79.6
All other customs receipts.....	33,948	31,729	-6.5
Total miscellaneous.....	9,249,749	10,232,664	10.6
Internal revenue taxes.....	574,744,957	652,213,948	13.5
Total collections.....	2,061,543,526	2,473,616,824	20.0

¹ Includes miscellaneous customs collections of Puerto Rico and the Virgin Islands and those of other Government agencies.

SCHEDULE 2.—APPROPRIATIONS AND EXPENDITURES

Appropriations and expenditures	1965	1966	Percentage increase, or decrease (—)
Appropriations:			
For salaries and expenses, Bureau of Customs.....	\$78,854,000	\$84,293,000	6.9
Transferred from Department of Commerce for export control.....	1,708,000	1,591,400	-12.7
Transferred from Department of Agriculture for quarantine purposes.....	1,822,000	1,987,000	9.1
Total.....	82,384,000	87,871,400	6.7
Expenditures, obligations incurred by:			
Regional offices.....	67,654,357	72,077,126	6.5
Agency service (investigations).....	9,625,655	10,037,288	4.3
Field audit.....	1,195,130	1,080,301	-9.6
Executive direction.....	3,814,770	4,656,802	22.1
Total obligations incurred.....	82,289,912	87,851,517	6.8
Balance of appropriations.....	94,088	19,883	-78.9
Expenditures (refunds):			
Excessive duties and similar refunds.....	17,619,785	26,908,325	52.7
Drawback payments.....	17,585,376	17,718,940	.8
Total.....	35,205,161	44,627,265	26.8

TABLE 26.—*Postal receipts and expenditures, fiscal years 1926-66*

Year	Postal revolving fund as reported to the Treasury by the Post Office Department				Surplus revenue paid into the Treasury ²	Advances from the Treasury to cover postal deficiencies ³
	Postal revenues	Postal expenditures ¹		Surplus, or deficit (—)		
		Extraordinary expenditures as reported under act of June 9, 1930	Other			
1926	\$659,819,801		⁴ \$679,792,180	—\$19,972,379		\$39,506,490
1927	683,121,989		714,628,189	—31,506,201		27,263,191
1928	693,633,921		725,755,017	—32,121,096		32,080,202
1929	696,947,578		782,408,754	—85,461,176		94,699,744
1930	705,484,098	\$39,669,718	764,030,368	—98,215,987		91,714,451
1931	656,463,383	48,047,308	754,482,265	—146,066,190		145,643,613
1932	588,171,923	53,304,423	740,418,111	—205,550,611		202,876,341
1933	587,631,364	61,691,287	638,314,969	—112,374,892		117,380,192
1934	586,733,166	66,623,130	564,143,871	—44,033,835		52,003,296
1935	630,795,302	69,537,252	627,066,001	—65,807,951		63,970,405
1936	665,343,356	68,585,283	685,074,398	—88,316,324		86,038,862
1937	726,201,110	51,587,336	721,228,506	—46,614,732		41,896,945
1938	728,634,051	42,799,687	729,645,920	—43,811,556		44,258,861
1939	745,955,075	48,540,273	736,106,665	—38,691,863		41,237,263
1940	766,948,627	53,331,172	754,401,694	—40,784,239		40,870,336
1941	812,827,736	58,837,470	778,108,078	—24,117,812		30,064,048
1942	859,817,491	73,916,128	800,040,400	—14,139,037		18,308,869
1943	966,227,289	122,343,916	830,191,463	—13,691,909		14,620,875
1944	1,112,877,174	126,639,650	942,345,968	43,891,556	\$1,000,000	—28,999,995
1945	1,314,240,132	116,198,782	1,028,902,402	169,138,948	188,102,579	649,769
1946	1,224,572,173	100,246,983	1,253,406,696	—129,081,506		160,572,098
1947	1,299,141,041	92,198,225	1,412,600,531	—205,657,715	12,000,000	241,787,174
1948	1,410,971,284	96,222,339	1,591,583,096	—276,834,152		310,213,451
1949	1,571,851,202	120,118,663	2,029,203,465	—577,470,926		524,297,262
1950	1,677,486,967	119,960,324	2,102,988,758	—545,462,114		592,514,046
1951	1,776,816,354	104,895,553	2,236,503,513	—564,582,711		624,169,406
1952	1,947,316,280	107,209,837	2,559,650,534	—719,544,080		740,000,000
1953	2,091,714,112	103,445,741	2,638,680,670	—650,412,299		660,121,483
1954 ⁴	2,263,389,229	(7)	2,575,386,760	—311,997,531		521,999,804
1955 ⁴	2,336,667,658	(7)	2,692,966,698	—356,299,040		285,261,181
1956 ⁴	2,419,211,749	(7)	2,882,291,063	—463,079,314		382,311,040
1957 ⁴	2,547,589,618	(7)	3,065,126,065	—517,536,447		516,502,460
1958 ⁴	2,583,459,773	(9)	3,257,452,203	—673,992,431		921,750,883
1959 ⁴	3,061,110,753	(9)	3,834,997,671	—773,886,918		605,184,335
1960 ⁴	3,334,343,038	(9)	3,821,959,408	—487,616,370		569,229,167
1961 ⁴	3,482,961,182	(9)	4,347,945,979	—864,984,797		824,989,797
1962 ⁴	3,609,260,097	(9)	4,343,436,402	—734,176,305		773,739,374
1963 ⁴	3,869,713,783	(9)	4,640,048,550	—770,334,767		817,693,516
1964 ⁴	4,393,516,717	(9)	4,971,215,682	—577,698,965		698,626,276
1965 ⁴	4,662,663,155	(9)	5,467,205,453	—804,542,298		704,090,520
1966 ⁴	5,038,666,873	(9)	5,926,862,604	—888,195,731		941,698,236

¹ From 1927 to date includes salary deductions paid to and deposited for credit to the retirement fund.² On basis of warrants-issued adjusted to basis of daily Treasury statements through 1947.³ Advances to the Postmaster General to meet estimated deficiencies in postal revenues, reduced by repayments from prior year advances. Excludes allowances for offsets of extraordinary expenditures or the cost of free mailings. Figures are on basis of warrants-issued adjusted to basis of daily Treasury statements through 1953, and thereafter on basis of the central accounts of the U.S. Government maintained by the Treasury Department.⁴ Excludes \$10,472,289 transferred to the civil service retirement and disability fund on account of salary deductions.⁵ Repayment of unexpended portion of prior years' advances.⁶ Transactions for 1954-66 are on the basis of cash receipts and expenditures as reported by the Post Office Department. Reports of the Postmaster General are on a modified accrual basis.⁷ See letter of the Postmaster General in exhibits in annual reports prior to 1958.⁸ Under the act of May 27, 1958 (72 Stat. 143), the Postmaster General is no longer required to certify the estimated amounts of postage that would have been collected on certain free or reduced-rate mailings.

NOTE.—For figures from 1789-1925 see annual report for 1946, p. 419.

TABLE 27.—*Increment resulting from reduction in weight of the gold dollar, as of June 30, 1966*

	Allocation of increment ¹	Charges against increment	Unexpended balance of increment
Exchange Stabilization Fund.....	\$2,000,000,000.00	\$2,000,000,000.00	-----
Payments to Federal Reserve banks for industrial loans ²	139,299,557.00	139,299,557.00	-----
Philippine currency reserve.....	23,862,751.00	23,862,751.00	-----
Melting losses on gold.....	2,175,121.93	1,857,771.96	\$317,349.97
Retirement of national bank notes.....	645,387,965.45	645,387,965.45	-----
Unassigned.....	8,807,218.81	-----	8,807,218.81
Total.....	2,819,532,614.19	2,810,408,045.41	9,124,568.78

¹ The authority, purpose, and amount of these allocations through 1940 are summarized in the 1940 annual report, pp. 128-130.

² Pursuant to the act of Aug. 21, 1958 (12 U.S.C. 352a notes), the \$111,753,246.03 unexpended balance of this allocation was covered into the Treasury as miscellaneous receipts; and the \$27,546,310.97 which had been advanced to the Federal Reserve banks under this allocation was repaid to a special fund from which it was appropriated to the Small Business Administration. The unused portion of the appropriation was subsequently rescinded (73 Stat. 209) and the balance, \$23,653,582.01, covered into the Treasury. Cumulative subsequent rescissions through June 30, 1966, totaled \$141,104.72.

TABLE 28.—*Seigniorage on coin and silver bullion, January 1, 1935-June 30, 1966*

Fiscal year	Total seigniorage on coin (silver and minor) and on silver bullion revalued	Potential seigniorage on silver bullion at cost in Treasurer's account, end of fiscal year ¹
Jan. 1, 1935-June 30, 1961, cumulative.....	\$2,237,746,045.45	² \$45,937,577.49
1962.....	57,543,750.09	16,693,959.11
1963.....	44,896,025.48	17,290,212.19
1964.....	68,745,284.41	7,520,617.15
1965.....	116,996,658.41	6,560,393.72
1966.....	87,569,486.89	51,328.32
Jan. 1, 1935-June 30, 1966, cumulative.....	2,613,497,250.73	-----

¹ Not cumulative, as the bullion held by the Treasurer of the United States changes, the potential seigniorage changes accordingly.

² Represents potential seigniorage as of June 30, 1961.

NOTE.—For calendar year figures 1935-63, see the "Treasury Bulletin" for July 1964, p. 79.

Public Debt, Guaranteed Debt, Etc.

I.—Outstanding

TABLE 29.—Principal of the public debt, fiscal years 1790–1966

[On basis of Public Debt accounts from 1790 through 1915, and on basis of daily Treasury statements from 1916 to date, see "Bases of Tables" and Note]

Date	Total gross debt	Date	Total gross debt	Date	Total gross debt
December 31—		December 31—		December 31—	
1790.....	\$75,463,477	1812.....	\$55,962,828	1833.....	\$4,760,082
1791.....	77,227,925	1813.....	81,487,846	1834.....	37,713
1792.....	80,352,634	1814.....	99,833,660	1835.....	37,513
1793.....	78,427,405	1815.....	127,334,934	1836.....	336,958
1794.....	80,747,587	1816.....	123,491,965	1837.....	3,308,124
1795.....	83,762,172	1817.....	103,466,634	1838.....	10,434,221
1796.....	82,064,479	1818.....	95,529,648	1839.....	3,573,344
1797.....	79,228,529	1819.....	91,015,566	1840.....	5,250,876
1798.....	78,408,670	1820.....	89,987,423	1841.....	13,594,481
1799.....	82,976,294	1821.....	93,546,677	1842.....	20,201,226
1800.....	83,038,051	1822.....	90,875,877	June 30—	
1801.....	80,712,632	1823.....	90,269,778	1843.....	32,742,922
1802.....	77,054,686	1824.....	83,788,433	1844.....	23,461,653
1803.....	86,427,121	1825.....	81,054,060	1845.....	15,925,303
1804.....	82,312,151	1826.....	73,987,357	1846.....	15,550,203
1805.....	75,723,271	1827.....	67,475,044	1847.....	38,826,535
1806.....	69,218,399	1828.....	58,421,414	1848.....	47,044,862
1807.....	65,196,318	1829.....	48,565,407	1849.....	63,061,859
1808.....	57,023,192	1830.....	39,123,192	1850.....	63,452,774
1809.....	53,173,218	1831.....	24,322,235	1851.....	68,304,796
1810.....	48,005,588	1832.....	7,011,699	1852.....	66,199,342
1811.....	45,209,738				

June 30	Interest-bearing ¹	Matured debt on which interest has ceased	Debt bearing no interest	Total gross debt	Gross debt per capita ²
1853.....	\$59,642,412	\$162,249	-----	\$59,804,661	\$2.32
1854.....	42,044,517	199,248	-----	42,243,765	1.59
1855.....	35,418,001	170,498	-----	35,588,499	1.30
1856.....	31,805,180	168,901	-----	31,974,081	1.10
1857.....	28,503,377	197,998	-----	28,701,375	.93
1858.....	44,743,256	170,168	-----	44,913,424	1.59
1859.....	58,333,156	165,225	-----	58,498,381	1.91
1860.....	64,683,256	160,575	-----	64,843,831	2.06
1861.....	90,423,292	159,125	-----	90,582,417	2.80
1862.....	365,356,045	230,620	\$158,591,390	524,177,955	15.79
1863.....	707,834,255	171,970	411,767,456	1,119,773,681	32.91
1864.....	1,360,026,914	366,629	455,437,271	1,815,830,814	52.08
1865.....	2,217,709,407	2,129,425	458,090,180	2,677,929,012	75.01
1866.....	2,322,116,330	4,435,865	429,211,734	2,755,763,929	75.42
1867.....	2,238,954,794	1,739,108	409,474,321	2,650,168,223	70.91
1868.....	2,191,326,130	1,246,334	390,873,992	2,583,446,456	67.61
1869.....	2,151,495,065	5,112,034	388,503,491	2,545,110,590	65.17
1870.....	2,035,881,095	3,569,664	397,002,510	2,436,453,269	61.06
1871.....	1,920,696,750	1,948,902	399,406,489	2,322,052,141	56.72
1872.....	1,800,794,100	7,926,547	401,270,191	2,209,990,838	52.65
1873.....	1,696,483,950	51,929,460	402,796,935	2,151,210,345	50.02
1874.....	1,724,930,750	3,216,340	431,785,640	2,159,932,730	49.05
1875.....	1,708,676,300	11,425,570	436,174,779	2,156,276,649	47.84
1876.....	1,696,685,450	3,902,170	430,258,158	2,130,845,778	46.22
1877.....	1,697,888,500	10,648,610	393,222,793	2,107,759,903	44.71
1878.....	1,780,735,650	5,594,070	373,088,595	2,159,418,315	44.82
1879.....	1,887,716,110	37,015,380	374,181,153	2,298,912,643	46.72
1880.....	1,709,993,100	7,621,205	373,294,567	2,090,908,872	41.60
1881.....	1,625,567,750	6,723,615	386,994,363	2,019,285,728	39.18
1882.....	1,449,810,400	10,260,555	390,844,689	1,856,915,644	35.16
1883.....	1,324,229,150	7,831,165	389,898,603	1,721,958,918	31.83
1884.....	1,212,563,850	19,655,955	393,087,639	1,625,307,444	29.35
1885.....	1,182,150,950	4,100,745	392,299,474	1,578,551,169	27.86
1886.....	1,132,014,100	9,704,193	413,941,255	1,555,659,550	26.85
1887.....	1,007,692,350	6,114,915	451,678,029	1,465,485,294	24.79
1888.....	936,522,500	2,495,545	445,613,311	1,384,631,656	22.65
1889.....	815,853,990	1,911,235	431,705,286	1,249,470,511	20.23
1890.....	711,313,110	1,815,555	409,267,919	1,122,396,584	17.80
1891.....	610,529,120	1,614,705	393,662,736	1,005,806,561	15.63
1892.....	585,029,330	2,785,875	380,403,636	968,218,841	14.74
1893.....	585,037,100	2,094,060	374,300,606	961,431,766	14.36
1894.....	635,041,890	1,851,240	380,004,687	1,016,897,817	14.89

Footnotes at end of table.

227-572-67-43

TABLE 29.—Principal of the public debt, fiscal years 1790–1966—Continued

June 30	Interest-bearing ¹	Matured debt on which interest has ceased	Debt bearing no interest	Total gross debt ³	Gross debt per capita ²
1895	\$716,202,060	\$1,721,590	\$378,989,470	\$1,096,913,120	\$15.76
1896	847,363,890	1,636,890	373,728,570	1,222,729,350	17.25
1897	847,365,130	1,346,880	378,081,703	1,226,793,713	16.99
1898	847,367,470	1,262,680	384,112,913	1,232,743,063	16.77
1899	1,046,048,750	1,218,300	389,433,654	1,436,700,704	19.21
1900	1,023,478,860	1,176,320	238,761,733	1,263,416,913	16.60
1901	987,141,040	1,415,620	233,015,585	1,221,572,245	15.74
1902	931,070,340	1,280,860	245,680,157	1,178,031,357	14.88
1903	914,541,410	1,205,090	243,659,413	1,159,405,913	14.38
1904	895,157,440	1,970,920	239,130,656	1,136,259,016	13.83
1905	895,158,340	1,370,245	235,828,510	1,132,357,095	13.51
1906	895,159,140	1,128,135	246,235,695	1,142,522,970	13.37
1907	894,834,280	1,086,815	251,257,098	1,147,178,193	13.19
1908	897,503,990	4,130,015	276,056,398	1,177,690,403	13.28
1909	913,317,490	2,883,855	232,114,027	1,148,315,372	12.69
1910	913,317,490	2,124,895	231,497,584	1,146,939,969	12.41
1911	915,353,190	1,879,830	236,751,917	1,153,984,937	12.29
1912	963,776,770	1,760,450	228,301,285	1,193,838,505	12.52
1913	965,706,610	1,659,550	225,681,585	1,193,047,745	12.27
1914	967,953,310	1,552,560	218,729,530	1,188,235,400	11.99
1915	969,759,090	1,507,260	219,997,718	1,191,264,068	11.85
1916	971,562,590	1,473,100	252,109,877	1,225,145,568	12.02
1917	2,712,549,477	14,232,230	248,836,878	2,975,618,585	28.77
1918	12,197,507,642	20,242,550	237,475,173	12,455,225,365	119.13
1919	25,236,947,172	11,176,250	236,382,738	25,484,506,160	242.56
1920	24,032,500,285	6,745,237	230,075,945	24,299,321,467	228.23
1921	23,738,900,085	10,688,160	227,862,308	23,977,450,553	220.91
1922	22,710,338,105	25,250,880	227,792,723	22,963,381,708	208.65
1923	22,007,043,612	98,738,910	243,924,844	22,349,707,365	199.64
1924	20,981,242,042	30,278,200	239,292,747	21,250,812,989	186.23
1925	20,210,906,915	30,258,980	275,027,993	20,516,193,888	177.12
1926	19,383,770,860	13,359,900	246,085,555	19,643,216,315	167.32
1927	18,252,664,666	14,718,585	244,523,681	18,511,906,932	155.51
1928	17,317,694,182	45,335,060	241,263,959	17,604,293,201	146.09
1929	16,638,941,379	50,749,199	241,397,905	16,931,088,484	139.04
1930	15,921,892,350	31,716,870	231,700,611	16,185,309,831	131.51
1931	16,519,588,640	51,819,095	229,873,756	16,801,281,492	135.45
1932	19,161,273,540	60,079,385	265,649,519	19,487,002,444	156.10
1933	22,157,643,120	65,911,170	315,118,270	22,538,672,560	179.48
1934	26,480,487,870	54,266,830	518,386,714	27,053,141,414	214.07
1935	27,645,241,089	230,662,155	824,989,381	28,700,892,625	225.55
1936	32,988,790,135	169,363,395	620,389,964	33,778,543,494	263.79
1937	35,800,109,418	118,529,815	505,974,499	36,424,613,732	282.75
1938	36,575,925,880	141,362,460	447,451,975	37,164,740,315	286.27
1939	39,885,969,732	142,283,140	411,279,539	40,439,532,411	308.98
1940	42,376,495,928	204,591,190	386,443,919	42,967,531,038	325.23
1941	48,387,399,539	204,999,860	369,044,137	48,961,443,536	367.09
1942	71,968,418,098	98,299,730	355,727,288	72,422,445,116	537.13
1943	135,380,305,795	140,500,090	1,175,284,445	136,696,090,330	999.83
1944	199,543,355,301	200,851,160	1,259,180,760	201,003,387,221	1,452.44
1945	256,356,615,818	268,667,135	2,056,904,457	258,682,187,410	1,848.60
1946	268,110,872,218	376,406,860	934,820,095	269,422,099,173	1,905.42
1947	255,113,412,039	230,913,536	2,942,057,534	258,286,383,109	1,792.05
1948	246,697,348,379	279,751,730	1,949,146,403	252,292,246,513	1,720.71
1949	250,761,636,723	244,757,458	1,763,965,680	252,770,359,860	1,694.75
1950	255,209,353,372	264,770,705	1,883,228,274	257,357,352,351	1,696.67
1951	252,851,765,497	512,046,600	1,858,164,718	255,221,976,815	1,654.20
1952	256,862,861,128	418,692,165	1,823,625,492	259,105,178,785	1,650.84
1953	263,946,017,740	298,420,570	1,826,623,328	266,071,061,639	1,667.48
1954	268,909,766,654	437,184,655	1,912,647,799	271,259,599,108	1,670.41
1955	271,741,267,507	588,601,480	2,044,353,816	274,374,222,803	1,660.11
1956	269,883,068,041	666,051,697	2,201,693,911	272,750,813,649	1,621.38
1957	268,485,562,677	529,241,585	1,512,367,635	270,527,171,896	1,579.50
1958	274,697,560,009	597,324,889	1,048,332,847	276,343,217,746	1,586.89
1959	281,833,362,429	476,455,003	2,396,089,647	284,705,907,078	1,606.11
1960	283,241,182,755	444,608,630	2,644,969,463	286,330,760,848	1,584.70
1961	285,471,608,619	349,355,209	2,949,974,782	288,970,938,610	1,572.58
1962	294,622,000,790	437,627,514	3,321,194,417	298,200,822,721	1,597.60
1963	301,953,730,701	310,415,540	3,595,486,755	305,859,632,996	1,614.74
1964	307,356,561,535	295,293,165	4,061,044,557	311,712,899,257	1,622.49
1965	313,112,816,994	292,259,861	3,868,822,129	317,273,898,984	1,630.60
1966	315,431,054,919	307,673,987	4,168,358,890	319,907,087,795	1,625.20

Footnotes on next page.

Footnotes to table 29.

* Revised.

* Preliminary.

¹ Exclusive of bonds issued to the Pacific railroads (acts of 1862, 1864, and 1878), since statutory provision was made to secure the Treasury against both principal and interest, and the Navy pension fund, which was not a debt as principal and interest were the property of the United States. The Statement of the Public Debt included the railroad bonds from issuance and the Navy fund from Sept. 1, 1866, through June 30, 1890.

² See table 30, footnote 3.

³ Includes certain securities not subject to statutory limitation; see table 1, notes 5 and 6. Public debt includes debt incurred to finance expenditures of wholly owned Government corporations and other business-type activities in exchange for which securities of the corporations and activities were issued to the Treasury (see table 110).

NOTE.—From 1790-1842, the fiscal year ended December 31. Detailed figures for 1790-1852 are not available on a basis comparable with those of later years. For bases prior to 1916, see the 1963 annual report p. 497, Note.

TABLE 30.—Public debt and guaranteed debt outstanding June 30, 1934-66

[Gross public debt on basis of daily Treasury statements. Guaranteed debt from 1934 through 1939 on basis of Public Debt accounts, and for 1940 and subsequent years on basis of daily Treasury statements]

June 30	Gross public debt ¹	Guaranteed debt of U.S. Government agencies held outside the Treasury			Gross public debt and guaranteed debt ¹	
		Interest-bearing	Matured ²	Total	Total	Per capita ³
1934.....	\$27,053,141,414	\$680,767,817	-----	\$680,767,817	\$27,733,909,231	\$219.46
1935.....	28,700,892,625	4,122,684,692	-----	4,122,684,692	32,823,577,316	257.95
1936.....	33,778,543,494	4,718,033,242	-----	4,718,033,242	38,496,576,735	300.63
1937.....	36,424,613,732	4,664,594,533	\$10,000	4,664,604,533	41,089,218,265	318.95
1938.....	37,164,740,315	4,852,559,151	232,500	4,852,791,651	42,017,531,967	323.65
1939.....	40,439,532,411	5,450,012,899	821,200	5,450,834,099	45,890,366,510	350.63
1940.....	42,967,531,038	5,497,556,555	31,514,100	5,529,070,655	48,496,601,693	367.08
1941.....	48,961,443,536	6,359,619,105	10,633,475	6,370,252,580	55,331,696,116	414.85
1942.....	72,422,445,116	4,548,529,255	19,730,375	4,568,259,630	76,990,704,746	571.02
1943.....	136,696,090,330	4,091,686,621	8,256,425	4,099,943,046	140,796,033,376	1,029.82
1944.....	201,003,387,221	1,515,638,626	107,430,675	1,623,069,301	202,626,456,522	1,464.17
1945.....	258,682,187,410	409,091,867	24,066,525	433,158,392	259,115,345,802	1,851.70
1946.....	269,422,099,173	466,671,984	9,712,875	476,384,859	269,898,484,033	1,908.79
1947.....	258,286,383,109	83,212,285	6,307,900	89,520,185	258,375,903,294	1,792.67
1948.....	252,292,246,513	68,768,043	4,692,775	73,460,818	252,365,707,331	1,721.21
1949.....	252,770,359,860	23,862,383	3,413,025	27,275,408	252,797,635,268	1,694.93
1950.....	257,357,352,351	17,077,809	2,425,225	19,503,034	257,376,855,385	1,696.80
1951.....	255,221,976,815	27,364,069	1,863,100	29,227,169	255,251,203,984	1,654.39
1952.....	259,105,178,785	44,092,646	1,472,700	45,565,346	259,150,744,131	1,651.13
1953.....	266,071,061,639	50,881,686	1,191,075	52,072,761	266,123,134,400	1,667.80
1954.....	271,259,599,108	80,415,386	1,026,000	81,441,386	271,341,040,495	1,670.91
1955.....	274,374,222,803	43,257,786	885,175	44,142,961	274,418,365,764	1,660.37
1956.....	272,750,813,649	73,100,900	787,575	73,888,475	272,824,702,124	1,621.82
1957.....	270,527,171,896	106,434,150	703,800	107,137,950	270,634,309,846	1,580.12
1958.....	276,343,217,746	100,565,250	655,350	101,220,600	276,444,438,346	1,587.47
1959.....	284,705,907,078	110,429,100	590,050	111,019,150	284,816,926,228	1,606.74
1960.....	286,330,760,848	139,305,000	536,775	139,841,775	286,470,602,623	1,585.48
1961.....	288,970,938,610	239,694,000	521,450	240,215,450	289,211,154,060	1,573.89
1962.....	298,200,822,721	443,688,500	530,425	444,218,925	298,645,041,646	1,598.98
1963.....	305,859,632,996	605,489,600	1,120,775	606,610,375	306,466,243,371	1,617.94
1964.....	311,712,899,257	812,272,200	719,725	812,991,925	312,525,891,182	1,626.72
1965.....	317,273,898,984	588,900,500	1,425,550	590,326,050	317,864,225,034	1,633.63
1966.....	319,907,087,795	460,474,100	1,073,175	461,547,275	320,368,635,070	1,627.54

* Revised.

* Preliminary.

¹ Includes certain securities not subject to statutory limitation. For amounts subject to limitation, see table 1. Public debt includes debt incurred to finance expenditures of wholly owned Government corporations and other business-type activities in exchange for which securities of the corporations and activities were issued to the Treasury (see table 110).

² Amounts shown represent outstanding principal on which interest has ceased. The amount of accrued interest as of June 30, 1966, was \$120,921, funds for which are on deposit with the Treasurer of the United States.

³ Based on the Bureau of the Census estimated population. Through 1958 the estimated population is for the conterminous United States (that is, exclusive of Alaska, Hawaii, and the outlying areas, such as Puerto Rico, Guam, and the Virgin Islands). Beginning with 1959 the estimates include Alaska, and with 1960, Hawaii.

TABLE 31.—Public debt outstanding by classification, June 30, 1956–66

[In millions of dollars. On basis of daily Treasury statements, see "Bases of Tables"]

Class	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Interest-bearing:											
Public issues:											
Marketable:											
Treasury bills:											
Regular weekly.....	20,808	21,919	22,406	25,006	25,903	26,914	32,225	37,729	39,730	43,659	42,922
Tax anticipation.....		1,501		3,002		1,503	1,802				
Other.....				4,009	7,512	8,307	8,009	9,501	11,010	10,005	12,008
Certificates of indebtedness (regular).....	16,303	20,473	32,920	33,843	17,650	13,338	13,547	22,169		1,652	
Treasury notes.....	35,952	30,973	20,416	27,314	51,483	56,257	65,464	52,145	67,284	52,549	50,649
Treasury bonds.....	31,840	80,789	90,883	84,803	81,247	80,830	75,025	81,964	88,461	102,481	101,897
Panama Canal bonds.....	50	50	50	50	50	50					
Total marketable issues.....	154,953	155,705	166,675	178,027	183,845	187,148	196,072	203,508	206,489	208,695	209,127
Nonmarketable:											
Certificates of indebtedness:											
Foreign currency series.....							175	225	330		368
Foreign series.....							860	465	240	778	305
Treasury certificates.....								2	18	95	93
Depository bonds.....	310	196	171	183	170	117	138	103	103	59	44
Treasury bonds:											
Foreign currency series.....								604	802	1,137	589
Foreign series.....										204	174
Investment series.....	12,009	11,135	9,621	8,365	6,783	5,830	4,727	3,921	3,546	3,256	2,692
REA series.....						19	25	27	25	26	23
4% Treasury bonds.....									20	9	4
Treasury notes, foreign series.....								183	152	150	338
U.S. retirement plan bonds.....								(*)	5	11	16
U.S. savings bonds.....	57,497	54,622	51,984	50,503	47,544	47,514	47,607	48,314	49,299	50,043	50,537
Total nonmarketable issues.....	69,817	65,953	61,777	59,050	54,497	53,481	53,431	53,645	54,240	55,768	55,183
Total public issues.....	224,769	221,658	228,452	237,078	238,342	240,629	249,503	257,153	260,729	264,463	264,311
Special issues:											
Adjusted service certificate fund certificates.....	5										
Canal Zone Postal Savings System notes.....	1	(*)		(*)							
Civil service retirement fund:											
Certificates.....	6,051	5,707	4,249	298	186	170	210	80	73	70	41
Notes.....	596	740	1,540	2,072	1,892	1,608	1,236	1,056	986	1,002	2,626
Bonds.....		925	1,925	6,212	7,289	8,604	9,899	11,263	12,432	13,465	12,480
Exchange Stabilization Fund certificates.....								108	292	232	560
Federal Deposit Insurance Corporation notes.....	673	718	673	629	694	556	500	260	270	312	57
Federal disability insurance trust fund:											
Certificates.....		258	658	89	56	34	1	6			
Notes.....		30	150	394	457	464	336		1		158
Bonds.....		38	188	1,050	1,474	1,801	1,967	2,076	1,901	1,563	992

Federal home loan banks:											
Certificates.....	2	10			59	50	74	372	82	100	924
Notes.....	50	40	165	165							
Federal hospital insurance trust fund:											
Certificates.....											52
Notes.....											733
Federal Housing Administration notes:											
Apartment unit insurance fund.....							1	1	(*)	(*)	
Armed services housing mortgage insurance fund.....	2	3	1	(*)	(*)	26	10	14	14	3	
Experimental housing insurance fund.....							1	1	1	1	
Housing insurance fund.....	1	2	1	4	4	4	4	1	2	4	
Housing investment insurance fund.....			(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
Mutual mortgage insurance fund.....	26	26	18	15	15	15	15	10	10	96	
National defense housing insurance fund.....	2	2	4	1	1	(*)	(*)	(*)	(*)	(*)	
Section 203 home improvement account.....							1	1	1	1	
Section 220 home improvement account.....							1	1	1	1	
Section 220 housing insurance fund.....	1	1	1	1	1	1	1	2	2	1	
Section 221 housing insurance fund.....	1	1	1	1	1						
Servicemen's mortgage insurance fund.....	1	2	3	2	1	2	2	2	2	10	
Title I housing insurance fund.....	1	1	1	1	1	1	1	1	1	1	
Title I insurance fund.....	43	43	34	29	23	23	23	14	9	11	
War housing insurance fund.....	8	8	7	6	6	15	10	8	8	6	
Federal old-age and survivors insurance trust fund:											
Certificates.....	19,467	14,963	9,925	400	270	441	1,080			141	
Notes.....		2,000	3,860	4,032	2,428	1,337	257		598	1,032	2,820
Bonds.....		2,500	4,325	12,795	13,715	14,372	13,737	14,221	14,201	14,088	11,584
Federal Savings and Loan Insurance Corporation notes:	103	103	112	116	104	138	182	98	332	287	223
Foreign service retirement fund:											
Certificates.....	16	22	24	26	29	32	37	38	39	40	42
Notes.....	4										
Government life insurance fund:											
Certificates.....	1,217	1,200	1,144	1,127	1		7				
Notes.....					295	222	142	74	1		78
Bonds.....					811	849	879	929	955	933	860
Highway trust fund certificates.....		404	822	429	1	234	436	678	609	265	238
National service life insurance fund:											
Certificates.....					8		1			8	14
Notes.....	5,481	5,570	5,665	5,742	1,547	1,168	782	395	8	28	613
Bonds.....					4,248	4,591	5,021	5,819	5,775	5,873	5,486
Postal Savings System notes.....	5	5					26				
Railroad retirement account:											
Certificates.....									119	208	218
Notes.....	3,600	3,475	3,531	3,417	3,586	3,504	3,316	2,786	686	450	593
Bonds.....									2,164	2,465	2,465
Unemployment trust fund certificates.....	7,737	7,998	6,671	5,636	5,580	4,626	4,657	4,803	4,931	5,799	7,075
Veterans' special term insurance fund certificates.....	20	34	48	66	85	106	88	101	123	149	170
Veterans' reopened insurance fund.....										3	19
Total special issues.....	45,114	46,827	46,246	44,766	44,899	45,043	44,939	44,801	46,627	48,650	51,120
Total interest-bearing debt.....	269,883	268,486	274,698	281,833	283,241	285,672	294,442	301,954	307,357	313,113	315,431
Matured debt on which interest has ceased.....	668	529	597	478	445	349	438	310	295	292	308

Footnotes at end of table.

TABLE 31.—Public debt outstanding by classification, June 30, 1956–66—Continued

[In millions of dollars]

Class	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Debt bearing no interest:											
Special notes of the United States:											
International Monetary Fund series.....	1,742	1,068	618	1,979	2,238	2,496	2,667	2,922	3,289	3,167	3,614
International Development Association series.....						53	115	129	142	138	64
Inter-American Development Bank series.....							55	125	150	150	132
Special bonds of the United States:											
U.N. Children's Fund Series.....									8		
U.N. Special Fund Series.....									56	75	38
U.N./FAO World Food Program Series.....									2	2	
U.S. savings stamps ⁹	49	51	51	50	53	52	53	54	54	55	56
Excess profits tax refund bonds.....	1	1	1	1	1	1	1	1	1	1	1
U.S. notes (less gold reserve).....	191	191	191	191	191	191	191	191	191	167	166
Deposits for retirement of national bank and Federal Reserve bank notes.....	213	196	182	169	157	147	139	116	110	91	86
Other debt bearing no interest.....	6	6	6	6	6	6	¹⁰ 101	59	58	23	11
Total debt bearing no interest.....	2,202	1,512	1,048	2,396	2,645	2,950	3,321	3,595	4,061	3,869	4,168
Total gross debt ¹¹	272,751	270,527	276,343	284,706	286,331	288,971	298,201	305,860	311,713	317,274	319,907

⁹ Less than \$500,000.¹ Dollar equivalent of certificates issued and payable in the amount of 46,500,000,000 Italian lire.² Dollar equivalent of certificates issued and payable in the amount of 110,000,000 Swiss francs.³ Dollar equivalent of certificates issued and payable in the amount of 130,000,000 Swiss francs.⁴ Dollar equivalent of certificates issued and payable in the amount of 800,000,000 Deutsche Marks and 727,000,000 Swiss francs.⁵ Dollar equivalent of Treasury bonds issued and payable in the amount of 124,050,000,000 Italian lire, 647,000,000 Swiss francs, 800,000,000 Deutsche Marks, 650,000,000 Austrian schillings, and 1,500,000,000 Belgian francs.⁶ Dollar equivalent of Treasury bonds issued and payable in the amount of 1,057,000,000 Swiss francs, 1,900,000,000 Deutsche Marks, 1,300,000,000 Austrian schillings, and 1,500,000,000 Belgian francs.⁷ Dollar equivalent of Treasury bonds issued and payable in the amount of 1,412,000,000 Swiss francs, 2,700,000,000 Deutsche Marks, 2,600,000,000 Austrian schillings, and 1,500,000,000 Belgian francs.⁸ Dollar equivalent of Treasury bonds issued and payable in the amount of 685,000,000 Swiss francs, 800,000,000 Deutsche Marks, 1,950,000,000 Austrian schillings, 1,500,000,000 Belgian francs, and 78,000,000,000 Italian lire.⁹ On Oct. 1, 1942, they replaced postal savings stamps which had been Postal Savings System's obligations.¹⁰ Includes \$95,655,198 of old series currency which by authority of the Old Series Currency Adjustment Act, approved June 30, 1961 (31 U.S.C. 912-916), was transferred to debt bearing no interest.¹¹ Includes certain securities not subject to statutory limitation; for amounts subject to limitation, see table 1. Includes public debt incurred to finance expenditures of wholly owned Government corporations and other business-type activities in exchange for which securities of the corporations and activities were issued to the Treasury; see table 110.

NOTE.—For comparable data 1932–44, see 1944 annual report, p. 628, and for 1945–55, see 1955 annual report, p. 406. Composition of the public debt 1916–45, is shown in the 1947 annual report, p. 361. For reconciliation with Public Debt accounts for 1966, see table 35.

TABLE 32.—*Guaranteed securities issued by Government corporations and other business-type activities and held outside the Treasury, June 30, 1956-66*

[Face amount, in thousands of dollars. On basis of daily Treasury statements, see "Bases of Tables"]

Issuing agency	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
UNMATURED DEBT											
District of Columbia Armory Board stadium bonds.....				(¹)	476	19,800	19,800	19,800	19,800	19,800	19,800
Federal Housing Administration debentures:											
Mutual mortgage insurance fund.....	8,471	10,638	9,987	8,699	11,411	25,389	194,716	328,062	499,018	333,523	133,402
Armed services housing mortgage insurance fund.....	9,695	10,209	8,324	10,466	19,368	62,420	47,277	16,001	5,691	2,576	1,714
Cooperative management housing insurance fund.....											1,636
General insurance fund.....											142,426
Housing insurance fund.....	5,838	10,135	8,987	9,970	9,232	23,406	35,299	63,445	89,942	76,723	57,583
National defense housing insurance fund.....	16,103	40,738	47,734	² 59,446	71,737	75,393	92,551	98,124	79,354	71,965	46,400
Section 203 home improvement account.....								2		6	(*)
Section 220 housing insurance fund.....					10		66	9,360	27,547	23,514	19,672
Section 221 housing insurance fund.....			8	8	217	4,780	23,353	36,558	55,836	31,566	12,284
Servicemen's mortgage insurance fund.....		12	78	38	680	1,673	12,609	22,746	31,111	22,886	19,858
Title I housing insurance fund.....	224	482	377	213	411	186	633	523	254	373	319
War housing insurance fund.....	32,765	34,220	25,070	21,591	25,762	26,647	17,385	10,869	3,720	5,970	5,381
Total unmatured debt.....	73,101	106,434	100,565	³ 110,429	139,305	239,694	443,688	605,490	812,272	588,900	460,474
MATURED DEBT ³											
Federal Farm Mortgage Corporation.....	295	265	240	214	193	174	170	161	144	133	124
Federal Housing Administration.....					12	25	57	669	299	1,025	682
Home Owners' Loan Corporation.....	493	438	415	376	331	323	303	291	276	268	266
Total matured debt ⁴	788	704	655	590	537	521	530	1,121	720	1,426	1,073
Total ⁴	73,883	107,138	101,221	² 111,019	139,842	240,215	444,219	606,610	812,992	590,326	461,547

^{*} Less than \$500.

¹ Excludes guaranteed securities of the District of Columbia Armory Board in the amount of \$96 thousand not reported in the daily Treasury statement of June 30, 1959.

² Includes \$179 thousand face amount redeemed as of June 30, 1959, but omitted from transactions cleared on that date.

³ Funds are on deposit with the Treasurer of the United States for payment of these securities.

⁴ Consists of principal only.

NOTE.—For figures for 1946-55, see 1958 annual report, p. 474. For securities held by the Treasury, see table 110.

TABLE 33.—Interest-bearing securities outstanding issued by Federal agencies but not guaranteed by the U.S. Government, fiscal years 1956–66

(In millions of dollars)

Fiscal year or month	Banks for co-operatives	Federal home loan banks ¹	Federal intermediate credit banks	Federal land banks ²	Federal National Mortgage Association		Tennessee Valley Authority	Total
					Management and liquidation program	Secondary market program		
1956	133	929	834	1,322	570	100	-----	3,889
1957	179	738	924	1,552	570	1,050	-----	5,013
1958	199	456	1,159	1,646	797	1,165	-----	5,423
1959	284	992	1,456	1,888	797	1,290	-----	6,708
1960	330	1,259	1,600	2,137	797	2,284	-----	8,407
1961	382	1,055	1,723	2,357	-----	2,198	50	7,765
1962	430	1,797	1,855	2,550	-----	2,556	145	9,332
1963	459	2,770	2,133	2,725	-----	1,960	145	10,192
1964	498	4,201	2,315	2,973	-----	1,698	180	11,865
1965	686	4,757	2,462	3,532	-----	1,797	225	13,460
1966	844	6,309	2,853	4,105	-----	3,269	285	17,666
1965—July	686	4,807	2,546	3,532	-----	1,795	225	13,591
August	710	5,057	2,627	3,612	-----	1,804	225	14,035
September	708	5,046	2,603	3,612	-----	1,756	240	13,965
October	744	5,021	2,501	3,671	-----	1,845	240	14,021
November	787	5,221	2,386	3,671	-----	1,918	240	14,223
December	796	5,221	2,335	3,710	-----	1,884	240	14,186
1966—January	796	5,068	2,342	3,710	-----	2,338	240	14,494
February	819	5,050	2,404	3,813	-----	2,397	240	14,723
March	819	5,060	2,470	3,813	-----	2,648	245	15,055
April	858	5,435	2,602	3,813	-----	2,820	245	15,773
May	834	5,895	2,744	3,980	-----	3,144	245	16,843
June	844	6,309	2,853	4,105	-----	3,269	285	17,666

¹ The proprietary interest of the United States in these banks ended in July 1951.² The proprietary interest of the United States in these banks ended in June 1947.

NOTE.—Excludes securities which are issued for use as collateral for commercial bank borrowing.

TABLE 34.—*Maturity distribution and average length of marketable interest-bearing public debt,¹ June 30, 1946-66*

(Dollar amounts in millions. On basis of daily Treasury statements)

Fiscal year	Within 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 years and over	Total	Average length	
By call classes (due or first becoming callable)								Years	Months
1946.....	\$62,091	\$35,057	\$32,847	\$16,012	\$21,227	\$22,372	\$189,606	7	4
1947.....	52,442	42,522	18,932	13,326	27,076	14,405	168,702	7	5
1948.....	49,870	46,124	10,464	12,407	41,481	-----	160,346	7	1
1949.....	52,302	39,175	15,067	13,715	34,888	-----	155,147	6	7
1950.....	42,448	51,802	15,926	19,281	25,853	-----	155,310	6	2
1951.....	60,860	31,022	16,012	21,226	8,797	-----	137,917	4	10
1952.....	70,944	29,434	13,321	20,114	6,594	-----	140,407	4	1
1953.....	76,017	30,162	13,018	26,546	-----	1,592	147,335	3	11
1954.....	63,291	38,407	27,113	19,937	-----	1,606	150,354	4	3
1955.....	51,152	46,399	42,755	11,371	-----	3,530	155,206	4	7
1956.....	64,910	36,942	40,363	8,387	-----	4,351	154,953	4	2
1957.....	76,697	41,497	26,673	6,488	-----	4,349	155,705	3	7
1958.....	73,050	39,401	45,705	657	2,258	5,604	166,675	4	2
1959.....	81,678	58,256	28,075	1,276	2,256	6,485	178,027	3	8
1960.....	79,182	81,295	14,173	1,123	2,484	5,588	183,845	3	5
1961.....	84,855	70,760	18,391	1,123	3,125	8,893	187,148	3	9
1962.....	89,905	67,759	18,655	1,641	4,956	13,157	196,072	4	4
1963.....	91,202	68,980	20,522	4,304	4,525	13,975	203,508	4	7
1964.....	92,272	66,954	22,580	5,048	4,524	15,111	206,489	4	6
1965.....	99,792	51,377	33,053	4,192	3,040	17,241	208,695	4	9
1966.....	100,951	55,010	28,922	6,097	1,125	17,023	209,127	4	5
By maturity classes ²									
1946.....	\$61,974	\$24,763	\$41,807	\$8,707	\$8,754	\$43,599	\$189,606	9	1
1947.....	51,211	21,851	35,562	13,009	5,588	41,481	168,702	9	5
1948.....	48,742	21,630	32,264	14,111	2,118	41,481	160,346	9	2
1949.....	48,130	32,562	16,746	14,111	8,710	34,888	155,147	8	9
1950.....	42,338	51,292	7,792	10,289	17,746	25,853	155,310	8	2
1951.....	43,908	46,526	8,707	8,754	21,226	8,797	137,917	6	7
1952.....	46,367	47,814	13,933	5,586	20,114	6,594	140,407	5	8
1953.....	65,270	36,161	15,651	2,117	26,546	1,592	147,335	5	4
1954.....	62,734	29,866	27,515	8,696	19,937	1,606	150,354	5	6
1955.....	49,703	39,107	34,253	17,242	11,371	3,530	155,206	5	10
1956.....	58,714	34,401	28,908	20,192	8,387	4,351	154,953	5	4
1957.....	71,952	40,669	12,328	19,919	6,488	4,349	155,705	4	9
1958.....	67,782	42,557	21,476	26,999	654	7,208	166,675	5	3
1959.....	72,958	58,304	17,052	20,971	654	8,088	178,027	4	7
1960.....	70,467	72,844	20,246	11,746	884	7,658	183,845	4	4
1961.....	81,120	58,400	26,435	8,706	1,527	10,960	187,148	4	6
1962.....	88,442	57,041	26,049	5,957	3,362	15,221	196,072	4	11
1963.....	85,294	58,026	37,385	2,244	6,115	14,444	203,508	5	1
1964.....	81,424	65,453	34,929	2,244	6,110	16,328	206,489	5	-----
1965.....	87,637	56,198	39,169	2,609	5,841	17,241	208,695	5	4
1966.....	89,136	60,933	33,596	4,518	3,922	17,023	209,127	4	11

¹ Includes public debt incurred to finance expenditures of wholly owned Government corporations and other business-type activities in exchange for which securities of the corporations and activities were issued to the Treasury.

² All issues are classified to final maturity except partially tax-exempt bonds which have been classified to earliest call date. The last of these bonds were called on Aug. 14, 1962, for redemption on Dec. 15, 1962.

TABLE 35.—Summary of public debt and guaranteed debt by classification, June 30, 1966

Classification	Com- puted rate of interest ¹	Amount out- standing on basis of Public Debt accounts	Net adjust- ment to basis of daily Treasury statement ²	Amount out- standing on basis of daily Treasury statement
PUBLIC DEBT				
INTEREST-BEARING DEBT				
Public Issues:				
Marketable:				
Treasury bills:				
Regular weekly.....	Percent			
Other.....	³ 4.859	\$42,921,578,000		\$42,921,578,000
Certificates of indebtedness (regular).....	³ 4.793	12,007,550,000		12,007,550,000
Treasury notes.....	4.851	1,652,194,000		1,652,194,000
Treasury bonds.....	4.321	50,649,587,000	—127,000	50,649,460,000
	3.655	101,891,410,050	5,118,500	101,896,528,550
Subtotal.....	4.134	209,122,319,050	4,991,500	209,127,310,550
Nonmarketable:				
Certificates of indebtedness:				
Foreign series.....	4.567	305,000,000		305,000,000
Foreign currency series.....	4.678	367,965,838		367,965,838
Treasury notes, foreign series.....	4.332	338,035,176		338,035,176
Treasury bonds:				
Foreign series.....	4.228	173,929,534		173,929,534
Foreign currency series.....	4.042	589,230,711		589,230,711
Treasury certificates.....	4.228	92,898,055		92,898,055
Treasury bonds.....	4.000	4,387,282		4,387,282
U.S. savings bonds.....	3.744	50,518,322,351	18,983,601	50,537,305,952
U.S. retirement plan bonds.....	3.750	15,907,011	—28,857	15,878,154
Depository bonds.....	2.000	43,656,000	80,000	43,736,000
Treasury bonds, REA series.....	2.000	23,345,000		23,345,000
Treasury bonds, investment series.....	2.750	2,691,412,000	127,000	2,691,539,000
Subtotal.....	3.713	55,164,088,959	19,161,743	55,183,250,702
Total public issues.....	4.046	264,286,408,009	24,153,243	264,310,561,252
Special Issues:				
Civil service retirement fund.....	3.642	15,147,159,000		15,147,159,000
Exchange Stabilization Fund.....	4.416	560,384,666		560,384,666
Federal Deposit Insurance Corp.....	2.000	57,120,000		57,120,000
Federal disability insurance trust fund.....	3.807	1,149,705,000		1,149,705,000
Federal home loan banks.....	4.400	924,500,000		924,500,000
Federal hospital insurance trust fund.....	4.875	785,758,000		785,758,000
Federal old-age and survivors insurance trust fund.....	3.582	14,403,350,000		14,403,350,000
Federal Savings and Loan Insurance Corp.....	2.000	222,701,000		222,701,000
Foreign service retirement fund.....	3.973	41,588,000		41,588,000
Government life insurance fund.....	3.604	937,670,000		937,670,000
Highway trust fund.....	4.125	237,763,000		237,763,000
National service life insurance fund.....	3.351	6,112,730,000		6,112,730,000
Railroad retirement account.....	4.179	3,276,886,000		3,276,886,000
Unemployment trust fund.....	3.875	7,074,789,000		7,074,789,000
Veterans' special term insurance fund.....	3.625	169,618,000		169,618,000
Veterans' reopened insurance fund.....	4.875	18,772,000		18,772,000
Subtotal.....	3.693	51,120,493,666		51,120,493,666
Total interest-bearing debt.....	3.988	315,406,901,675	24,153,243	315,431,054,919
Matured debt on which interest has ceased.....		276,349,680	31,324,307	307,673,987
DEBT BEARING NO INTEREST				
International Monetary Fund.....		3,614,000,000		3,614,000,000
International Development Association.....		64,000,000		64,000,000
Inter-American Development Bank.....		131,500,000		131,500,000
U.N. Special Fund.....		37,877,990		37,877,990
Other.....		320,600,598	380,302	320,980,900
Total gross public debt.....		319,851,229,943	55,857,853	319,907,087,795

Footnotes at end of table.

TABLE 35.—*Summary of public debt and guaranteed debt by classification, June 30, 1966—Continued*

Classification	Com- puted rate of interest ¹	Amount out- standing on basis of Public Debt accounts	Net adjust- ment to basis of daily Treasury statement ²	Amount out- standing on basis of daily Treasury statement
GUARANTEED DEBT OF U.S. GOVERNMENT AGENCIES				
Interest-bearing debt:	<i>Percent</i>			
Federal Housing Administration.....	3.607	\$440,674,100	-----	⁴ \$440,674,100
D.C. Armory Board bonds.....	4.200	19,800,000	-----	19,800,000
Matured debt on which interest has ceased.....		1,073,175	-----	1,073,175
Total guaranteed debt.....		461,547,275	-----	461,547,275
SUMMARY				
Total gross public debt and guaranteed debt.....		320,312,777,218	\$55,857,853	320,368,635,070
Deduct debt not subject to statutory limitation.....		266,414,119	-----	266,414,119
Total debt subject to limitation.....		320,046,363,099	55,857,853	320,102,220,952

¹ On daily Treasury statement basis.² Items in transit on June 30, 1966.³ Included in debt outstanding at face amount, but the annual interest rate is computed on the discount value.⁴ Components shown in table 37.

TABLE 36.—Description of public debt issues outstanding June 30, 1966

[On basis of Public Debt accounts, see "Bases of Table"]

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT ^a							
Public Issues							
Marketable:							
Treasury bills: Series maturing and approximate yield to maturity (%): ³							
Regular weekly:							
July 7, 1966	4.718 Jan. 6, 1966	July 7, 1966		\$97.615 Cash	\$880,457,000.00		\$2,304,650,000.00
	4.531 Apr. 7, 1966			Exchange	122,687,000.00		
July 14, 1966	4.737 Jan. 13, 1966	July 14, 1966		98.855 Cash	1,082,304,000.00		
	4.617 Apr. 14, 1966			Exchange	209,102,000.00		
July 21, 1966	4.770 Jan. 20, 1966	July 21, 1966		97.605 Cash	904,014,000.00		2,300,818,000.00
	4.664 Apr. 21, 1966			Exchange	6,373,000.00		
July 28, 1966	4.699 Jan. 27, 1966	July 28, 1966		98.833 Cash	1,287,622,000.00		
	4.630 Apr. 28, 1966			Exchange	12,809,000.00		
Other:				97.589 Cash	997,615,000.00		2,301,882,000.00
July 31, 1966	3.875 July 31, 1965	July 31, 1966		Exchange	3,523,000.00		
Regular weekly:				98.821 Cash	1,054,623,000.00		
Aug. 4, 1966	4.740 Feb. 3, 1966	Aug. 4, 1966		Exchange	246,121,000.00		
	4.673 May 5, 1966			Cash	847,843,000.00		2,301,287,000.00
Aug. 11, 1966	4.775 Feb. 10, 1966	Aug. 11, 1966		97.624 Cash	152,396,000.00		
	4.630 May 12, 1966			Exchange	1,120,378,000.00		
Aug. 18, 1966	4.876 Feb. 17, 1966	Aug. 18, 1966		98.830 Cash	180,670,000.00		
	4.626 May 19, 1966			Exchange	863,991,000.00		1,000,247,000.00
Aug. 25, 1966	4.892 Feb. 24, 1966	Aug. 25, 1966		96.072 Cash	136,256,000.00		
	4.638 May 26, 1966			Exchange	846,741,000.00		2,299,987,000.00
				97.604 Cash	152,928,000.00		
				Exchange	1,102,167,000.00		
				98.819 Cash	198,151,000.00		
				Exchange	898,660,000.00		2,302,555,000.00
				97.586 Cash	102,448,000.00		
				Exchange	1,163,147,000.00		
				98.830 Cash	138,300,000.00		
				Exchange	923,970,000.00		2,301,257,000.00
				97.535 Cash	76,876,000.00		
				Exchange	1,082,976,000.00		
				98.831 Cash	217,435,000.00		
				Exchange	822,764,000.00		2,302,459,000.00
				97.527 Cash	178,090,000.00		
				Exchange	1,019,069,000.00		
				98.828 Cash	282,536,000.00		
				Exchange			

Other:				Sold at a discount; payable at par on maturity.					
Aug. 31, 1966	4. 006	Aug. 31, 1965	Aug. 31, 1966		95. 938	Cash	861, 992, 000. 00		1, 000, 277, 000. 00
Regular weekly:						Exchange	138, 285, 000. 00		
Sept. 1, 1966	4. 861	Mar. 3, 1966	Sept. 1, 1966		97. 542	Cash	847, 954, 000. 00		
	4. 641	June 2, 1966				Exchange	153, 517, 000. 00		2, 301, 813, 000. 00
	4. 816	Mar. 10, 1966			98. 827	Cash	1, 020, 713, 000. 00		
Sept. 8, 1966	4. 573	June 9, 1966	Sept. 8, 1966			Exchange	279, 629, 000. 00		
	4. 915	Mar. 17, 1966			97. 565	Cash	875, 559, 000. 00		
Sept. 15, 1966	4. 575	June 16, 1966	Sept. 15, 1966			Exchange	124, 746, 000. 00		2, 300, 532, 000. 00
	4. 776	Mar. 24, 1966			98. 844	Cash	1, 063, 413, 000. 00		
Sept. 22, 1966	4. 470	June 23, 1966	Sept. 22, 1966			Exchange	236, 814, 000. 00		
	4. 755	Mar. 31, 1966			97. 515	Cash	937, 899, 000. 00		
Sept. 29, 1966	4. 435	June 30, 1966	Sept. 29, 1966			Exchange	64, 344, 000. 00		2, 302, 482, 000. 00
Other:					98. 844	Cash	1, 065, 757, 000. 00		
Sept. 30, 1966	4. 236	Sept. 30, 1965	Sept. 30, 1966			Exchange	234, 482, 000. 00		
Regular weekly:					97. 585	Cash	856, 291, 000. 00		
Oct. 6, 1966	4. 719	Apr. 7, 1966	Oct. 6, 1966			Exchange	143, 982, 000. 00		2, 301, 149, 000. 00
Oct. 13, 1966	4. 763	Apr. 14, 1966	Oct. 13, 1966		98. 870	Cash	1, 040, 380, 000. 00		
Oct. 20, 1966	4. 754	Apr. 21, 1966	Oct. 20, 1966			Exchange	260, 496, 000. 00		
Oct. 27, 1966	4. 730	Apr. 28, 1966	Oct. 27, 1966		97. 596	Cash	906, 670, 000. 00		
Other:						Exchange	93, 251, 000. 00		2, 300, 097, 000. 00
Oct. 31, 1966	4. 192	Oct. 31, 1965	Oct. 31, 1966		98. 879	Cash	1, 090, 852, 000. 00		
Regular weekly:						Exchange	209, 324, 000. 00		
Nov. 3, 1966	4. 782	May 5, 1966	Nov. 3, 1966		95. 705	Cash	873, 263, 000. 00		1, 000, 499, 000. 00
Nov. 10, 1966	4. 818	May 12, 1966	Nov. 10, 1966			Exchange	127, 236, 000. 00		
					97. 614	Cash	878, 657, 000. 00		1, 001, 791, 000. 00
						Exchange	123, 134, 000. 00		
					97. 592	Cash	996, 748, 000. 00		1, 000, 253, 000. 00
						Exchange	3, 505, 000. 00		
					97. 597	Cash	841, 223, 000. 00		1, 001, 924, 000. 00
						Exchange	160, 701, 000. 00		
					97. 609	Cash	837, 893, 000. 00		1, 000, 395, 000. 00
						Exchange	162, 502, 000. 00		
					95. 750	Cash	846, 067, 000. 00		999, 948, 000. 00
						Exchange	153, 881, 000. 00		
					97. 582	Cash	825, 474, 000. 00		990, 009, 000. 00
						Exchange	164, 535, 000. 00		
					97. 564	Cash	897, 252, 000. 00		1, 001, 478, 000. 00
						Exchange	104, 226, 000. 00		

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Public Issues —Continued							
Marketable—Continued							
Treasury bills: Series maturing and approximate yield to ma- turity (%): ³ —Continued							
Regular weekly—Continued							
Nov. 17, 1966.....4.823	May 19, 1966.....	Nov. 17, 1966.....	Sold at a dis- count; payable at par on maturity.	97.562 { Cash.....	\$855,219,000.00	}	\$1,000,501,000.00
				Exchange.....	145,282,000.00		
Nov. 25, 1966.....4.835	May 26, 1966.....	Nov. 25, 1966.....		97.542 { Cash.....	806,988,000.00		
				Exchange.....	193,496,000.00		
Other:							
Nov. 30, 1966.....4.277	Nov. 30, 1965.....	Nov. 30, 1966.....		95.664 { Cash.....	933,066,000.00		
				Exchange.....	67,514,000.00		
Regular weekly:							
Dec. 1, 1966.....4.826	June 2, 1966.....	Dec. 1, 1966.....		97.560 { Cash.....	828,891,000.00		
				Exchange.....	172,417,000.00		
Dec. 8, 1966.....4.744	June 9, 1966.....	Dec. 8, 1966.....		97.602 { Cash.....	894,082,000.00		
				Exchange.....	106,435,000.00		
Dec. 15, 1966.....4.708	June 16, 1966.....	Dec. 15, 1966.....		97.620 { Cash.....	876,478,000.00		
				Exchange.....	125,193,000.00		
Dec. 22, 1966.....4.591	June 23, 1966.....	Dec. 22, 1966.....		97.679 { Cash.....	835,451,000.00		
				Exchange.....	164,924,000.00		
Dec. 29, 1966.....4.610	June 30, 1966.....	Dec. 29, 1966.....		97.669 { Cash.....	849,435,000.00		
				Exchange.....	150,469,000.00		
Other:							
Dec. 31, 1966.....4.731	Dec. 31, 1965.....	Dec. 31, 1966.....		95.203 { Cash.....	951,570,000.00		
				Exchange.....	49,458,000.00		
Jan. 31, 1967.....4.699	Jan. 31, 1966.....	Jan. 31, 1967.....		95.236 { Cash.....	817,220,000.00		
				Exchange.....	184,171,000.00		
Feb. 28, 1967.....4.945	Feb. 28, 1966.....	Feb. 28, 1967.....		94.986 { Cash.....	875,037,000.00		
				Exchange.....	125,135,000.00		
Mar. 31, 1967.....4.739	Mar. 31, 1966.....	Mar. 31, 1967.....		95.195 { Cash.....	924,077,000.00		
				Exchange.....	75,949,000.00		
Apr. 30, 1967.....4.773	Apr. 30, 1966.....	Apr. 30, 1967.....		95.161 { Cash.....	810,856,000.00		
				Exchange.....	189,875,000.00		
May 31, 1967.....4.966	May 31, 1966.....	May 31, 1967.....		94.965 { Cash.....	802,616,000.00		
				Exchange.....	198,592,000.00		
June 30, 1967.....4.697	June 30, 1966.....	June 30, 1967.....		95.238 { Cash.....	949,720,000.00		
				Exchange.....	51,723,000.00		
Total Treasury bills.....			54,929,128,000.00		54,929,128,000.00

Certificates of indebtedness:†

Regular:
 4¾% Series A-1966 (effective
 rate 4.8505%).
 Treasury notes:†
 4% Series A-1966 (effective rate
 4.0616%).

Subtotal.....

4% Series E-1966 (effective rate
 4.0898%).

Subtotal.....

3¾% Series A-1967* (effective
 rate 3.8353%).

Subtotal.....

3½% Series B-1967* (effective
 rate 3.6800%).

Subtotal.....

4% Series C-1967 (effective rate
 4.1084%).

4¾% Series D-1967 (effective
 rate 4.3683%).

4¾% Series E-1967 (effective
 rate 4.9825%).

4¾% Series F-1967 (effective
 rate 4.9800%).

5% Series A-1970 (effective rate
 4.9412%).

Subtotal.....

1½% Series EO-1966.....

1½% Series EA-1967.....

1½% Series EO-1967.....

Jan. 19, 1966.....	Nov. 15, 1966.....	May 15-Nov. 15....	\$99.92.....	1,652,194,000.00	1,652,194,000.00
Feb. 15, 1962.....	Aug. 15, 1966.....	Feb. 15-Aug. 15....	Exchange at par... Exchange at \$99.85.	6,264,789,000.00 5,904,242,000.00	
				12,169,031,000.00	\$3,733,151,000.00 8,435,880,000.00
Feb. 15, 1965.....	Nov. 15, 1966.....	May 15-Nov. 15....	\$99.85..... Exchange at \$99.85.	1,735,350,000.00 518,471,000.00	
				2,253,821,000.00	2,253,821,000.00
Sept. 15, 1964.....	Aug. 15, 1967.....	Feb. 15-Aug. 15....	Exchange at \$99... Exchange at \$99.50. Exchange at \$99.60. Exchange at \$99.90.	180,885,000.00 772,384,000.00 3,234,798,000.00 1,093,461,000.00	
				5,281,528,000.00	2,352,168,000.00 2,929,360,000.00
Mar. 15, 1963.....	Feb. 15, 1967.....	Feb. 15-Aug. 15....	Exchange at \$99.50. Exchange at \$99.70. Exchange at \$99.90.	959,980,000.00 205,885,000.00 3,120,670,000.00	
				4,286,535,000.00	1,928,887,000.00 2,357,648,000.00
Aug. 13, 1965.....	Feb. 15, 1967.....	Feb. 15-Aug. 15....	Exchange at \$99.85.	5,150,687,000.00	5,150,687,000.00
Nov. 15, 1965.....	May 15, 1967.....	May 15-Nov. 15....	Exchange at \$99.83.	9,748,216,000.00	9,748,216,000.00
Feb. 15, 1966.....	Aug. 15, 1967.....	Feb. 15-Aug. 15....	Exchange at \$99.875.	2,117,366,000.00	2,117,366,000.00
May 15, 1966.....	Nov. 15, 1967.....	May 15-Nov. 15....	Exchange at \$99.85.	8,135,075,000.00	8,135,075,000.00
Feb. 15, 1966.....	Nov. 15, 1970.....	do.....	Exchange at par... Exchange at \$100.25. Exchange at \$100.30. Exchange at \$100.45. Exchange at \$100.90.	2,839,566,000.00 1,230,048,000.00 657,054,500.00 2,624,588,000.00 324,230,500.00	
				7,675,487,000.00	7,675,487,000.00
Oct. 1, 1961.....	Oct. 1, 1966.....	Apr. 1-Oct. 1.....	Exchange at par... do..... do.....	356,530,000.00 270,496,000.00 457,177,000.00	356,530,000.00 270,496,000.00 457,177,000.00

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Public Issues—Continued							
Marketable—Continued							
Treasury notes ¹—Continued							
1½% Series EA-1968.....	Apr. 1, 1963.....	Apr. 1, 1968.....	Apr. 1-Oct. 1.....	Exchange at par..	\$212,127,000.00	-----	\$212,127,000.00
1½% Series EO-1968.....	Oct. 1, 1963.....	Oct. 1, 1968.....	do.....	do.....	115,331,000.00	-----	115,331,000.00
1½% Series EA-1969.....	Apr. 1, 1964.....	Apr. 1, 1969.....	do.....	do.....	60,545,000.00	-----	60,545,000.00
1½% Series EO-1969.....	Oct. 1, 1964.....	Oct. 1, 1969.....	do.....	do.....	158,926,000.00	-----	158,926,000.00
1½% Series EA-1970.....	Apr. 1, 1965.....	Apr. 1, 1970.....	do.....	do.....	87,529,000.00	-----	87,529,000.00
1½% Series EO-1970.....	Oct. 1, 1965.....	Oct. 1, 1970.....	do.....	do.....	113,131,000.00	-----	113,131,000.00
1½% Series EA-1971.....	Apr. 1, 1966.....	Apr. 1, 1971.....	do.....	do.....	14,255,000.00	-----	14,255,000.00
Total Treasury notes.....	-----	-----	-----	-----	58,663,793,000.00	\$8,014,206,000.00	50,649,587,000.00
Treasury bonds: ¹							
3% of 1966.....	Feb. 28, 1958.....	On Aug. 15, 1966.....	Feb. and Aug. 15..	Par.....	1,484,298,000.00	784,126,500.00	700,171,500.00
3½% of 1966.....	Mar. 15, 1961.....	On Nov. 15, 1966.....	May and Nov. 15..	Exchange at par..	2,437,629,500.00	586,221,500.00	1,851,408,000.00
2½% of 1962-67.....	May 5, 1942.....	On and after Dec. 15, 1966; on June 15, 1967. ⁴ ⁵	June and Dec. 15..	Par.....	2,118,164,500.00	688,251,700.00	1,429,912,800.00
2½% of 1963-68.....	Dec. 1, 1942.....	On and after Dec. 15, 1966; on Dec. 15, 1968. ⁴ ⁵	do.....	do.....	2,830,914,000.00	1,040,394,000.00	1,790,520,000.00
2½% of 1964-69.....	Apr. 15, 1943.....	On and after Dec. 15, 1966; on June 15, 1969. ⁴ ⁵	do.....	do.....	3,761,904,000.00	1,215,259,500.00	2,546,644,500.00
2½% of 1964-69.....	Sept. 15, 1943.....	On and after Dec. 15, 1966; on Dec. 15, 1969. ⁴ ⁵	do.....	do.....	3,778,754,000.00	-----	-----
Subtotal.....	-----	-----	-----	Exchange at par..	59,444,000.00	-----	-----
2½% of 1965-70.....	Feb. 1, 1944.....	On and after Mar. 15, 1967; on Mar. 15, 1970. ⁴ ⁵	Mar. and Sept. 15.	Par.....	5,120,861,500.00	-----	-----
Subtotal.....	-----	-----	-----	Exchange at par..	76,533,000.00	-----	-----
2½% of 1966-71.....	Dec. 1, 1944.....	On and after Mar. 15, 1967; on Mar. 15, 1971. ⁴ ⁵	Mar. and Sept. 15.	Par.....	5,197,394,500.00	2,883,711,500.00	2,313,683,000.00
Subtotal.....	-----	-----	-----	Exchange at par..	3,447,511,500.00	-----	-----
Subtotal.....	-----	-----	-----	-----	33,353,500.00	-----	-----
Subtotal.....	-----	-----	-----	-----	3,480,865,000.00	2,083,922,500.00	1,396,942,500.00

2½% of 1967-72.....	June 1, 1945.....	On and after June 15, 1967; on June 15, 1972. ⁴	June and Dec. 15..	Par.....	7,967,261,000.00	6,695,990,000.00	1,271,271,000.00
2½% of 1967-72.....	Oct. 20, 1941.....	On and after Sept. 15, 1967; on Sept. 15, 1972.	Mar. and Sept. 15.	.....do..... Exchange at par	2,527,073,950.00 188,971,200.00	-----	-----
Subtotal.....					2,716,045,150.00	764,249,900.00	1,951,795,250.00
3½% of 1967 (effective rate 3.6083%). ⁵	Mar. 15, 1961.....	On Nov. 15, 1967..	May and Nov. 15..	Exchange at par -- Exchange at \$100.30.	2,426,887,500.00 1,176,657,000.00	-----	-----
Subtotal.....					3,603,544,500.00	1,585,003,500.00	2,018,541,000.00
2½% of 1967-72.....	Nov. 15, 1945.....	On and after Dec. 15, 1967; on Dec. 15, 1972. ⁴	June and Dec. 15..	Par.....	11,688,868,500.00	9,020,733,000.00	2,668,135,500.00
3½% of 1968 (effective rate 3.9187%). ⁵	June 23, 1960.....	On May 15, 1968..	May and Nov. 15..	.....do..... Exchange at par -- Exchange at \$99.50. Exchange at \$99.375.	1,041,697,000.00 348,710,500.00 * 320,407,000.00 749,121,000.00	-----	-----
Subtotal.....					2,459,935,500.00	500.00	2,459,935,000.00
3¾% of 1968.....	Apr. 18, 1962.....	On Aug. 15, 1968..	Feb. and Aug. 15..	Par..... Exchange at par --	1,257,539,500.00 2,489,819,000.00	-----	-----
Subtotal.....					3,747,358,500.00	-----	3,747,358,500.00
3¾% of 1968 (effective rate 4.0704%). ⁵	Sept. 15, 1963.....	On Nov. 15, 1968..	May and Nov. 15..	Exchange at \$99.35. Exchange at \$98.40. Exchange at \$99.05.	619,595,000.00 194,370,000.00 777,469,000.00	-----	-----
Subtotal.....					1,591,434,000.00	-----	1,591,434,000.00
4% of 1969 (effective rate 4.0858%).	Aug. 15, 1962.....	On Feb. 15, 1969..	Feb. and Aug. 15..	Par..... Exchange at \$99.45.	1,843,615,500.00 1,884,375,000.00	-----	-----
Subtotal.....					3,727,990,500.00	-----	3,727,990,500.00

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT ^a —Continued							
Public Issues —Continued							
Marketable—Continued							
Treasury bonds ^c —Continued							
4% of 1969 (effective rate 4.0407%) ^e	Oct. 1, 1957.....	On Oct. 1, 1969 ^d ..	Apr. and Oct. 1...	Par..... Exchange at par... Exchange at \$100.50. Exchange at \$99.75. Exchange at \$99.70. Exchange at \$99.55. Exchange at \$99.50. Exchange at \$99.35. Exchange at \$99.20. Exchange at \$99.90. Exchange at \$100.30.	\$556,933,000.00 619,461,000.00 147,697,000.00 1,408,618,500.00 634,731,000.00 447,882,000.00 399,388,000.00 178,729,000.00 249,658,000.00 941,992,000.00 578,928,000.00		
Subtotal.....					6,264,017,500.00	\$6,505,000.00	\$6,257,512,500.00
4% of 1970 (effective rate 4.0740%) ^e	Jan. 15, 1965.....	On Feb. 15, 1970...	Feb. and Aug. 15...	Exchange at \$99.10. Exchange at \$99.30. Exchange at \$99.40. Exchange at \$99.50. Exchange at \$99.55. Exchange at \$99.60. Exchange at \$99.95. Exchange at \$100.30.	175,672,000.00 378,810,000.00 673,631,000.00 299,549,000.00 639,501,000.00 587,544,000.00 902,827,000.00 723,886,000.00		
Subtotal.....					4,381,420,000.00		4,381,420,000.00

4% of 1970 (effective rate 4.0773%).s	June 20, 1963.....	On Aug. 15, 1970..	Feb. and Aug. 15..	Par.....	1,905,811,000.00		
				Exchange at \$99.05.	972,382,000.00		
				Exchange at \$98.35.	164,679,000.00		
				Exchange at \$98.15.	211,391,000.00		
				Exchange at \$98.20.	221,389,000.00		
				Exchange at \$100.25.	653,588,000.00		
Subtotal.....					4,129,240,000.00	1,000.00	4,129,239,000.00
4% of 1971 (effective rate 3.8499%).s	Mar. 1, 1962.....	On Aug. 15, 1971..	Feb. and Aug. 15..	Exchange at par.	1,154,257,500.00		
				Exchange at \$102.	1,651,369,000.00		
Subtotal.....					2,805,626,500.00		2,805,626,500.00
3 3/4% of 1971 (effective rate 3.9713%).s	May 15, 1962.....	On Nov. 15, 1971..	May and Nov. 15..	Exchange at \$99.50.	1,245,537,000.00		
				Exchange at \$98.90.	693,473,000.00		
				Exchange at \$99.10.	93,607,000.00		
				Exchange at \$99.30.	727,803,000.00		
Subtotal.....					2,760,420,000.00		2,760,420,000.00
4% of 1972.....	Nov. 15, 1962.....	On Feb. 15, 1972..	Feb. and Aug. 15..	Exchange at par.....	2,343,511,000.00		
4% of 1972 (effective rate 4.0840%).s	Sept. 15, 1962.....	On Aug. 15, 1972..	do.....	Exchange at \$98.80.	378,792,000.00		2,343,511,000.00
				Exchange at \$99.30.	370,327,000.00		
				Exchange at \$99.40.	1,570,407,000.00		
				Exchange at \$99.70.	259,021,000.00		
Subtotal.....					2,578,547,000.00		2,578,547,000.00
4% of 1973 (effective rate 4.1491%).s	Sept. 15, 1963.....	On Aug. 15, 1973..	Feb. and Aug. 15..	Exchange at \$98.85.	1,120,883,000.00		
				Exchange at \$97.90.	213,528,000.00		
				Exchange at \$98.55.	782,366,000.00		
				Exchange at \$98.20.	340,079,000.00		
				Exchange at \$99.60.	720,541,000.00		
				Exchange at \$99.30.	716,437,000.00		
Subtotal.....					3,893,834,000.00		3,893,834,000.00

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Public Issues —Continued							
Marketable—Continued							
Treasury bonds—Continued							
4½% of 1973 (effective rate 4.2241%). ^s	July 22, 1964.....	On Nov. 15, 1973 ⁴	May and Nov. 15.	Exchange at \$98.75.	\$232,162,000.00	-----	-----
				Exchange at \$98.90.	334,055,000.00	-----	-----
				Exchange at \$99.05.	769,304,000.00	-----	-----
				Exchange at \$99.10.	574,915,000.00	-----	-----
				Exchange at \$99.25.	343,825,000.00	-----	-----
				Exchange at \$99.30.	296,850,500.00	-----	-----
				Exchange at \$99.45.	1,302,758,000.00	-----	-----
				Exchange at \$99.85.	503,341,000.00	-----	-----
Subtotal.....					4,357,210,500.00	\$864,500.00	\$4,356,346,000.00
4½% of 1974 (effective rate 4.1721%). ^s	Jan. 15, 1965.....	On Feb. 15, 1974 ⁴	Feb. and Aug. 15..	Exchange at \$99.05.	140,326,000.00	-----	-----
				Exchange at \$99.25.	399,959,000.00	-----	-----
				Exchange at \$99.35.	493,462,000.00	-----	-----
				Exchange at \$99.45.	146,917,000.00	-----	-----
				Exchange at \$99.50.	415,742,000.00	-----	-----
				Exchange at \$99.55.	333,760,000.00	-----	-----
				Exchange at \$99.90.	461,289,000.00	-----	-----
				Exchange at \$100.25.	738,918,500.00	-----	-----
Subtotal.....					3,130,373,500.00	112,000.00	3,130,261,500.00
4¼% of 1974 (effective rate 4.2306%).	May 15, 1964.....	On May 15, 1974 ⁴	May and Nov. 15.	Exchange at par.	1,531,898,500.00	-----	-----
				Exchange at \$100.25.	2,061,685,000.00	-----	-----
Subtotal.....					3,593,583,500.00	661,000.00	3,592,922,500.00

3 $\frac{3}{4}$ % of 1974 (effective rate 3.9517%). ^a	Dec. 2, 1957.....	On Nov. 15, 1974 ⁴	May and Nov. 15.	Par.....	653,811,500.00	-----	-----
				Exchange at \$98.50.	136,239,000.00	-----	-----
				Exchange at \$99.	517,421,500.00	-----	-----
				Exchange at \$98.30.	313,758,000.00	-----	-----
				Exchange at \$99.10.	373,227,000.00	-----	-----
				Exchange at par...	250,315,000.00	-----	-----
Subtotal.....					2,244,772,000.00	2,108,500.00	2,242,663,500.00
4 $\frac{1}{4}$ % of 1975-85 (effective rate 4.2631%). ^a	Apr. 5, 1960.....	On and after May 15, 1975 on May 15, 1985. ⁴	May and Nov. 15.	Par.....	469,533,000.00	-----	-----
				Exchange at \$101.15.	52,853,500.00	-----	-----
				Exchange at \$99.95.	397,057,000.00	-----	-----
				Exchange at \$99.25.	105,792,000.00	-----	-----
				Exchange at \$99.10.	75,642,000.00	-----	-----
				Exchange at \$99.05.	116,733,000.00	-----	-----
Subtotal.....					1,217,610,500.00	242,500.00	1,217,368,000.00
3 $\frac{1}{4}$ % of 1978-83.....	May 1, 1953.....	On and after June 15, 1978; on June 15, 1983. ⁴	June and Dec. 15.	Par.....	1,188,769,175.00	-----	-----
				Exchange at par...	417,314,825.00	-----	-----
Subtotal.....					1,606,084,000.00	26,607,500.00	1,579,476,500.00
4% of 1980 (effective rate 4.0454%). ^a	Jan. 23, 1959.....	On Feb. 15, 1980 ⁴	Feb. and Aug. 15.	\$99.....	884,115,500.00	-----	-----
				\$99.50.....	* 102,000.00	-----	-----
				Exchange at \$99.....	195,465,000.00	-----	-----
				Exchange at \$99.10.	17,346,000.00	-----	-----
				Exchange at \$99.30.	2,113,000.00	-----	-----
				Exchange at \$99.50.	* 107,341,500.00	-----	-----
				Exchange at \$99.60.	212,994,500.00	-----	-----
				Exchange at \$98.80.	420,040,000.00	-----	-----
				Exchange at \$100.25.	562,595,500.00	-----	-----
				Exchange at \$100.50.	209,580,500.00	-----	-----
Subtotal.....					2,611,693,500.00	5,268,500.00	2,606,425,000.00

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Public Issues—Continued							
Marketable—Continued							
Treasury bonds: ^f —Continued							
3½% of 1980 (effective rate 3.3816%). ^g	Oct. 3, 1960.....	On Nov. 15, 1980 ⁴	May and Nov. 15	Exchange at par Exchange at \$102.25. Exchange at \$103.50.	\$643,406,000.00 1,034,722,000.00 237,815,000.00		
Subtotal.....					1,915,943,000.00	\$4,656,500.00	\$1,911,286,500.00
¾% of 1985 (effective rate 3.2222%).	June 3, 1958.....	On May 15, 1985 ⁴	May and Nov. 15	\$100.50.....	1,134,867,500.00	10,091,500.00	1,124,776,000.00
4¼% of 1987-92 (effective rate 4.2340%). ^g	Aug. 15, 1962.....	On and after Aug. 15, 1987; on Aug. 15, 1992. ⁴	Feb. and Aug. 15	\$101 Exchange at \$99.60. Exchange at \$99.75. Exchange at \$99.90. Exchange at \$99.95. Exchange at \$100.10. Exchange at \$100.15. Exchange at \$100.25. Exchange at \$100.30. Exchange at \$100.35. Exchange at \$100.40. Exchange at \$100.45. Exchange at \$100.80. Exchange at \$101 Exchange at \$101.15. Exchange at \$100.70.	359,711,500.00 118,050,000.00 150,959,000.00 188,007,000.00 486,642,000.00 195,976,000.00 685,356,500.00 641,227,500.00 147,686,000.00 116,072,500.00 281,957,000.00 143,932,000.00 139,738,000.00 5,410,000.00 122,199,500.00 34,928,000.00		
Subtotal.....					3,817,852,500.00	157,000.00	3,817,695,500.00

4% of 1988-93 (effective rate 4.0082%).	Jan. 17, 1963.....	On and after Feb. 15, 1988; on Feb. 15, 1993. ⁴	Feb. and Aug. 15..	\$99.85.....	250,000,000.00	269,000.00	249,731,000.00
4 1/8% of 1989-94 (effective rate 4.1905%). ⁵	Apr. 18, 1963.....	On and after May 15, 1989; on May 15, 1994. ⁴	May and Nov. 15..	\$100.55.....	300,000,000.00	-----	-----
				Exchange at \$97.70.	125,623,000.00	-----	-----
				Exchange at \$98.....	104,739,000.00	-----	-----
				Exchange at \$98.35.	317,182,000.00	-----	-----
				Exchange at \$98.65.	489,896,000.00	-----	-----
				Exchange at \$99.10.	131,877,000.00	-----	-----
				Exchange at \$99.40.	91,149,000.00	-----	-----
Subtotal.....	-----	-----	-----	-----	1,560,466,000.00	371,500.00	1,560,094,500.00
3 1/4% of 1990 (effective rate 3.4907%). ⁵	Feb. 14, 1958.....	On Feb. 15, 1990. ⁴	Feb. and Aug. 15..	Exchange at par.....	2,719,730,000.00	-----	-----
				Exchange at \$99.....	721,728,000.00	-----	-----
				Exchange at \$100.25.	575,798,500.00	-----	-----
				Exchange at \$101.25.	233,236,000.00	-----	-----
				Exchange at \$101.50.	344,644,000.00	-----	-----
				Exchange at \$101.75.	322,275,000.00	-----	-----
Subtotal.....	-----	-----	-----	-----	4,917,411,500.00	20,444,500.00	4,896,967,000.00
3% of 1995.....	Feb. 15, 1955.....	On Feb. 15, 1995. ⁴	Feb. and Aug. 15..	Par.....	821,474,500.00	-----	-----
				Exchange at par.....	1,923,642,500.00	-----	-----
Subtotal.....	-----	-----	-----	-----	2,745,117,000.00	654,877,000.00	2,090,240,000.00
3 1/2% of 1998 (effective rate 3.5154%). ⁵	Oct. 3, 1960.....	On Nov. 15, 1998. ⁴	May and Nov. 15..	Exchange at par.....	2,523,039,000.00	-----	-----
				Exchange at \$98.....	494,804,500.00	-----	-----
				Exchange at \$99.....	692,076,500.00	-----	-----
				Exchange at \$100.25.	419,513,000.00	-----	-----
				Exchange at \$100.50.	333,406,000.00	-----	-----
Subtotal.....	-----	-----	-----	-----	4,462,839,000.00	58,742,000.00	4,404,097,000.00
Total Treasury bonds.....	-----	-----	-----	-----	131,374,245,150.00	29,482,835,100.00	101,891,410,050.00
Total marketable issues.....	-----	-----	-----	-----	246,619,360,150.00	37,497,041,100.00	209,122,319,050.00

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Public Issues—Continued							
Nonmarketable:							
Certificates of indebtedness:							
4.65% foreign series.....	Apr. 29, 1966.....	On 2 days' notice; on July 29, 1966.	July 29, 1966.....	Par.....	\$50,000,000.00	.....	\$50,000,000.00
4.65% foreign series.....	May 31, 1966.....	On 2 days' notice; on Aug. 31, 1966.	Aug. 31, 1966.....	do.....	50,000,000.00	.....	50,000,000.00
4.575% foreign series.....	June 17, 1966.....	On 2 days' notice; on Sept. 16, 1966.	Sept. 16, 1966.....	do.....	40,000,000.00	.....	40,000,000.00
4.575% foreign series.....	June 20, 1966.....	do.....	do.....	do.....	65,000,000.00	.....	65,000,000.00
4.45% foreign series.....	June 30, 1966.....	On 2 days' notice; on Sept. 30, 1966.	Sept. 30, 1966.....	do.....	50,000,000.00	.....	50,000,000.00
4.50% foreign series.....	June 22, 1966.....	On 2 days' notice; on Dec. 22, 1966.	Dec. 22, 1966.....	do.....	50,000,000.00	.....	50,000,000.00
Total certificates, foreign series.....	.....	.....	.....	.....	305,000,000.00	.....	305,000,000.00
4.80% foreign currency series.....	Apr. 26, 1966.....	On 2 days' notice; on Oct. 26, 1966.	Oct. 26, 1966.....	431.8000 Swiss francs.	92,635,479.39	.....	92,635,479.39
4.33% foreign currency series.....	Jan. 14, 1966.....	On 2 days' notice; on Nov. 1, 1966.	May and Nov. 1.....	400.1500 Deutsche marks.	49,981,257.02	.....	49,981,257.02
4.38% foreign currency series.....	do.....	On 2 days' notice; on Dec. 1, 1966.	June and Dec. 1.....	400.0300 Deutsche marks.	49,996,250.28	.....	49,996,250.28
4.90% foreign currency series.....	do.....	On 2 days' notice; on Jan. 3, 1967.	Jan. and July 3.....	400.5600 Deutsche marks.	49,930,097.86	.....	49,930,097.86
4.30% foreign currency series.....	do.....	On Jan. 3, 1967 ¹⁰	do.....	431.7500 Swiss francs.	22,466,705.27	.....	22,466,705.27
4.85% foreign currency series.....	do.....	On Jan. 13, 1967.....	Jan. and July 13.....	431.8800 Swiss francs.	30,100,953.96	.....	30,100,953.96
4.84% foreign currency series.....	Feb. 4, 1966.....	On Feb. 3, 1967.....	Feb. and Aug. 3.....	433.1300 Swiss francs.	23,087,756.56	.....	23,087,756.56
4.87% foreign currency series.....	May 2, 1966.....	On 2 days' notice; on May 2, 1967.	May and Nov. 2.....	401.8700 Deutsche marks.	49,767,337.70	.....	49,767,337.70
Total certificates, foreign currency series.....	.....	.....	.....	.....	367,965,838.04	.....	367,965,838.04
Treasury notes:							
3.97% foreign series.....	July 6, 1965.....	On Oct. 6, 1966 ¹¹	Apr. and Oct. 6.....	Par.....	125,000,000.00	.....	125,000,000.00
4.26% foreign series.....	Oct. 12, 1965.....	On Jan. 12, 1968 ¹¹	Jan. and July 12.....	do.....	25,000,000.00	.....	25,000,000.00
4.30% foreign series.....	Nov. 12, 1965.....	On May 13, 1968 ¹²	May and Nov. 13.....	do.....	75,000,000.00	\$11,964,823.78	63,035,176.22

4.86% foreign series.....	Mar. 31, 1966.....	On Dec. 31, 1968 ¹²	June 30 and Dec. 31.....	do.....	40,000,000.00.....	40,000,000.00.....
4.66% foreign series.....	Dec. 23, 1965.....	On June 23, 1970 ¹²	June and Dec. 23.....	do.....	85,000,000.00.....	85,000,000.00.....
Total notes, foreign series.....					350,000,000.00.....	338,035,176.22.....
Treasury bonds:						
4.125% foreign series.....	Sept. 16, 1964.....	On Nov. 1, 1966 ¹³	May and Nov. 1.....	do.....	30,000,000.00.....	30,000,000.00.....
4.25% foreign series.....	do.....	On Nov. 1, 1967 ¹³	do.....	do.....	30,000,000.00.....	30,000,000.00.....
4.25% foreign series.....	do.....	On Nov. 1, 1968 ¹³	do.....	do.....	30,000,000.00.....	30,000,000.00.....
4.25% foreign series.....	do.....	On Nov. 1, 1969 ¹³	do.....	do.....	30,000,000.00.....	30,000,000.00.....
4.25% foreign series.....	do.....	On Nov. 1, 1970 ¹³	do.....	do.....	30,000,000.00.....	30,000,000.00.....
4.25% foreign series.....	do.....	On Nov. 1, 1971 ¹³	do.....	do.....	23,929,534.25.....	23,929,534.25.....
Total bonds, foreign series.....					173,929,534.25.....	173,929,534.25.....
3.93% foreign currency series.....	Nov. 16, 1964.....	On July 1, 1966 ¹⁰	Jan. and July 1.....	397.9000 Deutsche marks.	50,263,885.38.....	50,263,885.38.....
3.99% foreign currency series.....	Jan. 1, 1965.....	do.....	do.....	431.5100 Swiss francs.	25,491,877.36.....	25,491,877.36.....
4.02% foreign currency series.....	Apr. 20, 1965.....	On July 20, 1966.....	Jan. and July 20.....	434.3000 Swiss francs.	23,025,558.37.....	23,025,558.37.....
4.04% foreign currency series.....	Feb. 15, 1965.....	On Aug. 1, 1966 ¹⁰	Feb. and Aug. 1.....	398.1000 Deutsche marks.	50,238,633.51.....	50,238,633.51.....
4.09% foreign currency series.....	Feb. 23, 1965.....	On Aug. 23, 1966 ¹⁰	Feb. and Aug. 23.....	2,584.0000 Austrian schillings.	25,154,798.76.....	25,154,798.76.....
3.97% foreign currency series.....	July 26, 1965.....	On Sept. 1, 1966 ¹⁰	Mar. and Sept. 1.....	401.0000 Deutsche marks.	49,875,311.72.....	49,875,311.72.....
4.11% foreign currency series.....	Mar. 3, 1965.....	On Sept. 6, 1966 ¹⁰	Mar. and Sept. 6.....	2,583.0000 Austrian schillings.	25,164,537.36.....	25,164,537.36.....
4.07% foreign currency series.....	Aug. 28, 1965.....	On Oct. 3, 1966 ¹⁰	Apr. and Oct. 3.....	401.3000 Deutsche marks.	49,838,026.41.....	49,838,026.41.....
4.10% foreign currency series.....	Sept. 7, 1965.....	On Oct. 7, 1966 ¹⁰	Apr. and Oct. 7.....	431.7600 Swiss francs.	52,112,284.60.....	52,112,284.60.....
3.98% foreign currency series.....	July 9, 1965.....	On Nov. 9, 1966.....	May and Nov. 9.....	432.9800 Swiss francs.	27,714,906.00.....	27,714,906.00.....
4.04% foreign currency series.....	June 11, 1965.....	On Dec. 12, 1966 ¹⁰	June and Dec. 12.....	2,581.7500 Austrian schillings.	25,176,721.22.....	25,176,721.22.....
4.23% foreign currency series.....	Sept. 27, 1965.....	On Jan. 27, 1967.....	Jan. and July 27.....	431.9000 Swiss francs.	30,099,560.08.....	30,099,560.08.....
4.03% foreign currency series.....	July 30, 1965.....	On Jan. 30, 1967 ¹⁰	Jan. and July 30.....	624.750.0004 Italian lire.	124,849,939.98.....	124,849,939.98.....
4.08% foreign currency series.....	May 16, 1965.....	On May 16, 1967 ¹⁰	May and Nov. 16.....	4,962.7500 Belgian francs.	20,150,118.38.....	20,150,118.38.....
4.09% foreign currency series.....	May 20, 1965.....	On May 22, 1967 ¹⁰	May and Nov. 22.....	4,963.0000 Belgian francs.	10,074,551.68.....	10,074,551.68.....
Total bonds, foreign currency series.....					589,230,710.81.....	589,230,710.81.....

Footnotes at end of table

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Public Issues —Continued							
Nonmarketable:—Continued							
U.S. retirement plan bonds: (investment yield 3.75% compounded semiannually). ¹⁴	1st day of each month beginning Jan. 1, 1963.	Not redeemable until owner attains age 59½, except in case of death or disability.	Indeterminate	Par	\$16,381,098.00	\$474,086.93	\$15,907,011.07
Depository bonds: 2% First Series	Various dates from July 1954.	At option of U.S. or owner upon 30 to 60 days' notice; 12 years from issue date.	June and Dec. 1	do	456,307,500.00	412,651,500.00	43,656,000.00
Treasury bonds: 2% R&A Series	Various dates from July 1, 1960.	do	Jan. and July 1	do	45,037,000.00	21,692,000.00	23,345,000.00
Treasury bonds, investment series: 2¾% Series B-1975-80	Apr. 1, 1951	Apr. 1, 1975, exchangeable at any time at option of owner for marketable Treasury notes; payable on Apr. 1, 1980. ¹⁵	Apr. and Oct. 1	do Exchange at par	451,397,500.00 14,879,956,500.00		
Subtotal					15,331,354,000.00		
Total Treasury bonds, investment series					15,331,354,000.00	1,612,639,942,000.00	2,691,412,000.00
Treasury certificates: 4.555% certificates	Apr. 1, 1966	On demand; on July 1, 1966.	July 1, 1966	Par	6,203,700.00		6,203,700.00
4.630% certificates	Apr. 30, 1966	On demand; on July 31, 1966.	July 31, 1966	do	1,038,105.40		1,038,105.40
4.24% certificates	June 30, 1966	do	do	do	64,422,517.18		64,422,517.18
4.435% certificates	do	On demand; on Sept. 30, 1966.	Sept. 30, 1966	do	19,013,582.09		19,013,582.09
1% certificates	June 14, 1966	On demand; on Dec. 15, 1966.	Dec. 15, 1966	do	2,500,000.00	279,849.47	2,220,150.53
Total Treasury certificates					93,177,904.67	279,849.47	92,898,055.20

4% Treasury bonds.....	Various dates from Dec. 31, 1963.	On demand; on June 30, 1967.	June 30 and Dec. 31.	.....do.....	21, 254, 221. 56	16, 866, 939. 54	4, 387, 282. 02
U.S. savings bonds, series and approximate yield to ma- turity (%): ¹⁷	First day of each month.	On demand at option of owner; 10 years from issue date but may be held for additional period. ¹⁸	Sold at a discount: payable at par on maturity.				
E-1941, 3.297% ¹⁹	May to Dec. 1941	.....do.....	.....do.....	\$75.....	1, 855, 566, 373. 83	1, 608, 192, 218. 22	247, 374, 155. 61
E-1942, 3.339% ¹⁹	Jan. to Dec. 1942	.....do.....	.....do.....	\$75.....	8, 190, 214, 100. 09	7, 125, 061, 953. 89	1, 065, 152, 146. 20
E-1943, 3.377% ¹⁹	Jan. to Dec. 1943	.....do.....	.....do.....	\$75.....	13, 182, 788, 963. 37	11, 498, 550, 452. 67	1, 684, 238, 510. 70
E-1944, 3.409% ¹⁹	Jan. to Dec. 1944	.....do.....	.....do.....	\$75.....	15, 369, 298, 930. 29	13, 294, 230, 648. 23	2, 075, 068, 282. 06
E-1945, 3.438% ¹⁹	Jan. to Dec. 1945	.....do.....	.....do.....	\$75.....	12, 060, 517, 073. 07	10, 227, 686, 550. 05	1, 832, 830, 523. 02
E-1946, 3.468% ¹⁹	Jan. to Dec. 1946	.....do.....	.....do.....	\$75.....	5, 438, 951, 510. 16	4, 402, 516, 796. 40	1, 036, 434, 713. 76
E-1947, 3.497% ¹⁹	Jan. to Dec. 1947	.....do.....	.....do.....	\$75.....	5, 136, 908, 164. 73	3, 987, 373, 076. 96	1, 149, 535, 087. 77
E-1948, 3.528% ¹⁹	Jan. to Dec. 1948	.....do.....	.....do.....	\$75.....	5, 299, 587, 837. 61	4, 021, 913, 745. 02	1, 277, 674, 092. 59
E-1949, 3.464% ¹⁹	Jan. to Dec. 1949	.....do.....	.....do.....	\$75.....	5, 224, 474, 488. 17	3, 884, 955, 903. 64	1, 339, 518, 584. 53
E-1950, 3.433% ¹⁹	Jan. to Dec. 1950	.....do.....	.....do.....	\$75.....	4, 563, 651, 882. 60	3, 331, 941, 733. 32	1, 231, 710, 149. 28
E-1951, 3.485% ¹⁹	Jan. to Dec. 1951	.....do.....	.....do.....	\$75.....	3, 951, 720, 576. 78	2, 883, 786, 081. 88	1, 067, 934, 494. 90
E-1952, 3.520% (Jan. to Apr.)	Jan. to Apr. 1952	.....do.....	.....do.....	\$75.....	1, 356, 881, 127. 17	987, 250, 347. 12	369, 630, 780. 05
E-1952, 3.575% ¹⁹ (May to Dec.)	May to Dec. 1952	On demand at option of owner; 9 years, 8 months from issue date but may be held for additional period. ¹⁸	.....do.....	\$75.....	2, 779, 609, 967. 18	1, 998, 259, 595. 69	781, 350, 371. 49
E-1953, 3.608% ¹⁹	Jan. to Dec. 1953	.....do.....	.....do.....	\$75.....	4, 719, 065, 461. 28	3, 295, 332, 567. 30	1, 423, 732, 893. 98
E-1954, 3.657% ¹⁹	Jan. to Dec. 1954	.....do.....	.....do.....	\$75.....	4, 802, 818, 738. 15	3, 255, 342, 257. 51	1, 547, 476, 480. 64
E-1955, 3.702% ¹⁹	Jan. to Dec. 1955	.....do.....	.....do.....	\$75.....	4, 998, 318, 996. 92	3, 287, 930, 290. 87	1, 710, 888, 706. 05
E-1956, 3.745% ¹⁹	Jan. to Dec. 1956	.....do.....	.....do.....	\$75.....	4, 808, 949, 762. 54	3, 061, 342, 477. 69	1, 747, 607, 284. 85
E-1957, 3.780% (Jan.)	Jan. 1957	.....do.....	.....do.....	\$75.....	395, 403, 264. 97	242, 281, 068. 57	153, 121, 596. 40
E-1957, 3.915% ¹⁹ (Feb. to Dec.)	Feb. to Dec. 1957	On demand at option of owner; 8 years, 11 months from issue date but may be held for additional period. ¹⁸	.....do.....	\$75.....	4, 110, 252, 519. 98	2, 542, 486, 108. 36	1, 567, 766, 411. 62
E-1958, 3.959% ¹⁹	Jan. to Dec. 1958	.....do.....	.....do.....	\$75.....	4, 364, 297, 705. 12	2, 558, 658, 589. 81	1, 805, 639, 115. 31
E-1959, 3.990% (Jan. to May)	Jan. to May 1959	.....do.....	.....do.....	\$75.....	1, 747, 718, 054. 75	1, 015, 966, 241. 31	731, 751, 813. 44

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Public Issues —Continued							
Nonmarketable—Continued							
U.S. savings bonds, series and approximate yield to maturity (%): ¹⁷ —Continued							
E-1959, 3.815% ¹⁹ (June to Dec.)	June to Dec. 1959	On demand at option of owner; 7 years, 9 months from issue date but may be held for additional period. ¹⁸	Sold at a discount: payable at par on maturity.	\$75.....	\$2,337,283,190.59	\$1,351,389,450.63	\$985,893,739.96
E-1960, 3.859% ¹⁹	Jan. to Dec. 1960	do.	do.	\$75.....	4,078,970,793.72	2,250,851,812.42	1,828,118,981.30
E-1961, 3.904% ¹⁹	Jan. to Dec. 1961	do.	do.	\$75.....	4,103,117,495.47	2,114,481,860.01	1,988,635,635.46
E-1962, 3.955% ¹⁹	Jan. to Dec. 1962	do.	do.	\$75.....	3,948,990,321.77	1,967,593,718.90	1,981,396,602.87
E-1963, 4.009% ¹⁹	Jan. to Dec. 1963	do.	do.	\$75.....	4,383,577,098.67	1,951,695,788.62	2,431,881,310.05
E-1964, 4.059% ¹⁹	Jan. to Dec. 1964	do.	do.	\$75.....	4,278,512,130.94	1,815,448,097.35	2,463,064,033.59
E-1965, 4.107% ¹⁹ (Jan. to Nov.)	Jan. to Nov. 1965	do.	do.	\$75.....	3,798,286,708.62	1,395,470,279.33	2,402,816,429.29
E-1965, 4.150% (Dec.)	Dec. 1965	On demand at option of owner; 7 years from issue date but may be held for additional period. ¹⁸	do.	\$75.....	390,147,869.58	111,316,573.26	278,831,296.32
E-1966, 4.150%.....	Jan. to June 1966	do.	do.	\$75.....	1,874,094,225.00	278,530,031.25	1,595,564,193.75
Unclassified sales and redemptions.					26,744,155.65	909,817.73	25,834,337.92
Total Series E.....					143,576,719,488.77	101,748,746,734.01	41,827,972,754.76
H-1952, 3.485% ¹⁹	June to Dec. 1952	On demand at option of owner; 9 years, 8 months from issue date. ²⁰	Semiannually.....	Par.....	191,480,500.00	121,007,500.00	70,473,000.00
H-1953, 3.519% ¹⁹	Jan. to Dec. 1953	do.	do.	do.	470,500,500.00	275,562,500.00	194,938,000.00
H-1954, 3.566% ¹⁹	Jan. to Dec. 1954	do.	do.	do.	877,679,500.00	500,130,000.00	377,549,500.00
H-1955, 3.610% ¹⁹	Jan. to Dec. 1955	do.	do.	do.	1,173,084,000.00	640,885,000.00	532,199,000.00
H-1956, 3.659% ¹⁹	Jan. to Dec. 1956	do.	do.	do.	893,176,000.00	415,312,000.00	477,864,000.00

H-1957, 3.700% (Jan.)	Jan. 1957	do.	do.	do.	64,506,000.00	23,800,000.00	40,706,000.00
H-1957, 3.671% ¹⁹ (Feb. to Dec.)	Feb. to Dec. 1957	On demand at option of owner; 10 years from issue date. ²⁰	do.	do.	567,682,600.00	195,976,000.00	371,706,000.00
H-1958, 3.762% ¹⁰	Jan. to Dec. 1958	do.	do.	do.	890,252,500.00	296,852,000.00	593,400,500.00
H-1959, 3.830% (Jan. to May)	Jan. to May 1959	do.	do.	do.	356,318,500.00	99,363,000.00	256,955,500.00
H-1959, 3.874% ¹⁰ (June to Dec.)	June to Dec. 1959	do.	do.	do.	362,413,000.00	92,651,000.00	269,762,000.00
H-1960, 3.901% ¹⁰	Jan. to Dec. 1960	do.	do.	do.	1,006,767,500.00	201,727,500.00	805,040,000.00
H-1961, 3.943% ¹⁰	Jan. to Dec. 1961	do.	do.	do.	1,041,579,000.00	174,959,500.00	866,619,500.00
H-1962, 3.982% ¹⁰	Jan. to Dec. 1962	do.	do.	do.	856,759,000.00	109,409,500.00	747,349,500.00
H-1963, 4.023% ¹⁰	Jan. to Dec. 1963	do.	do.	do.	772,968,000.00	76,334,500.00	696,633,500.00
H-1964, 4.072% ¹⁰	Jan. to Dec. 1964	do.	do.	do.	671,533,000.00	41,369,500.00	630,163,500.00
H-1965, 4.110% ¹⁰ (Jan. to Nov.)	Jan. to Nov. 1965	do.	do.	do.	540,150,000.00	16,306,500.00	523,843,500.00
H-1965, 4.150% (Dec.)	Dec. 1965	do.	do.	do.	45,680,000.00	392,500.00	45,287,500.00
H-1966, 4.150%	Jan. to June 1966	do.	do.	do.	321,769,500.00	283,000.00	321,486,500.00
Unclassified sales and redemptions.					12,218,000.00	2,000.00	12,216,000.00
Total Series H.					11,116,516,500.00	3,282,323,500.00	7,834,193,000.00
J-1954, 2.76%	Jan. to Dec. 1954	On demand at option of owner; 12 years from issue date.	Sold at a discount; payable at par on maturity.	\$72	388,972,453.60	314,502,809.60	74,469,644.00
J-1955, 2.76%	Jan. to Dec. 1955	do.	do.	\$72	281,781,207.34	174,078,522.34	107,702,685.00
J-1956, 2.76%	Jan. to Dec. 1956	do.	do.	\$72	179,590,555.98	93,647,336.11	85,943,219.87
J-1957, 2.76%	Jan. to Apr. 1957	do.	do.	\$72	37,911,751.79	18,460,679.24	19,451,072.55
Unclassified redemptions.						14,025.00	-14,025.00
Total Series J.					888,255,968.71	600,703,372.29	287,552,596.42
K-1954, 2.76%	Jan. to Dec. 1954	On demand at option of owner; 12 years from issue date.	Semiannually	Par	981,680,000.00	826,062,500.00	155,617,500.00
K-1955, 2.76%	Jan. to Dec. 1955	do.	do.	do.	633,925,500.00	401,572,500.00	232,353,000.00
K-1956, 2.76%	Jan. to Dec. 1956	do.	do.	do.	318,825,500.00	168,762,500.00	150,063,000.00
K-1957, 2.76%	Jan. to Apr. 1957	do.	do.	do.	53,978,500.00	23,385,500.00	30,593,000.00
Unclassified redemptions.						22,500.00	-22,500.00
Total Series K.					1,988,409,500.00	1,419,805,500.00	568,604,000.00
Total U.S. savings bonds.					157,589,901,457.48	107,051,579,106.30	50,518,322,351.18
Total nonmarketable issues.					175,319,539,264.81	120,155,450,306.02	55,164,088,958.79
Total public issues.					421,938,899,414.81	157,652,491,406.02	264,286,408,008.79

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT —Continued							
Special Issues ^b							
Civil service retirement fund:							
Certificates:							
4½% Series 1967.....	June 30, 1966.....	On demand; on June 30, 1967. Redeemable after 1 year from issue date and payable on June 30:	June 30.....	Par.....	\$40,692,000.00		\$40,692,000.00
Notes:							
4½% Series 1968.....	do.....	1968.....	do.....	do.....	40,692,000.00		40,692,000.00
4½% Series 1969.....	do.....	1969.....	do.....	do.....	40,692,000.00		40,692,000.00
4½% Series 1970.....	do.....	1970.....	do.....	do.....	40,692,000.00		40,692,000.00
4½% Series 1971.....	do.....	1971.....	do.....	do.....	1,785,656,000.00		1,785,656,000.00
4½% Series 1967.....	Various dates from June 30, 1964.....	1967.....	do.....	do.....	142,474,000.00		142,474,000.00
4½% Series 1968.....	do.....	1968.....	do.....	do.....	142,474,000.00		142,474,000.00
4½% Series 1969.....	do.....	1969.....	do.....	do.....	142,474,000.00		142,474,000.00
4½% Series 1970.....	do.....	1970.....	do.....	do.....	69,699,000.00		69,699,000.00
3½% Series 1967.....	June 30, 1963.....	1967.....	do.....	do.....	80,227,000.00		80,227,000.00
3½% Series 1968.....	do.....	1968.....	do.....	do.....	80,227,000.00		80,227,000.00
3½% Series 1967.....	June 30, 1962.....	1967.....	do.....	do.....	60,976,000.00		60,976,000.00
Bonds:		On demand; on June 30:					
4½% Series 1970.....	Various dates from June 30, 1964.....	1970.....	do.....	do.....	72,775,000.00		72,775,000.00
4½% Series 1971.....	do.....	1971.....	do.....	do.....	142,474,000.00		142,474,000.00
4½% Series 1972.....	do.....	1972.....	do.....	do.....	375,160,000.00		375,160,000.00
4½% Series 1973.....	do.....	1973.....	do.....	do.....	552,988,000.00		552,988,000.00
4½% Series 1974.....	do.....	1974.....	do.....	do.....	212,387,000.00		212,387,000.00
4½% Series 1975.....	do.....	1975.....	do.....	do.....	167,167,000.00		167,167,000.00
4½% Series 1976.....	do.....	1976.....	do.....	do.....	142,474,000.00		142,474,000.00
4½% Series 1977.....	do.....	1977.....	do.....	do.....	142,474,000.00		142,474,000.00
4½% Series 1978.....	do.....	1978.....	do.....	do.....	142,474,000.00		142,474,000.00
4½% Series 1979.....	do.....	1979.....	do.....	do.....	969,117,000.00		969,117,000.00
4½% Series 1980.....	do.....	1980.....	do.....	do.....	969,117,000.00		969,117,000.00
3½% Series 1969.....	June 30, 1963.....	1969.....	do.....	do.....	80,227,000.00		80,227,000.00
3½% Series 1970.....	do.....	1970.....	do.....	do.....	80,227,000.00		80,227,000.00
3½% Series 1971.....	do.....	1971.....	do.....	do.....	80,227,000.00		80,227,000.00

3 7/8% Series 1972	do	1972	do	do	532,981,000.00		532,981,000.00
3 7/8% Series 1973	do	1973	do	do	103,448,000.00		103,448,000.00
3 7/8% Series 1974	do	1974	do	do	80,227,000.00		80,227,000.00
3 7/8% Series 1975	do	1975	do	do	80,227,000.00		80,227,000.00
3 7/8% Series 1976	do	1976	do	do	80,227,000.00		80,227,000.00
3 7/8% Series 1977	do	1977	do	do	80,227,000.00		80,227,000.00
3 7/8% Series 1978	do	1978	do	do	826,643,000.00		826,643,000.00
3 3/4% Series 1968	June 30, 1962	1968	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1969	do	1969	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1970	do	1970	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1971	do	1971	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1972	do	1972	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1973	do	1973	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1974	do	1974	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1975	do	1975	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1976	do	1976	do	do	60,976,000.00		60,976,000.00
3 3/4% Series 1977	do	1977	do	do	746,416,000.00		746,416,000.00
2 7/8% Series 1967	June 30, 1961	1967	do	do	69,913,000.00		69,913,000.00
2 7/8% Series 1968	do	1968	do	do	69,913,000.00		69,913,000.00
2 7/8% Series 1969	do	1969	do	do	69,913,000.00		69,913,000.00
2 7/8% Series 1970	do	1970	do	do	69,913,000.00		69,913,000.00
2 7/8% Series 1971	do	1971	do	do	69,913,000.00		69,913,000.00
2 7/8% Series 1976	do	1976	do	do	685,440,000.00	\$25,429,000.00	660,011,000.00
2 7/8% Series 1967	Various dates from June 30, 1959	1967	do	do	230,527,000.00		230,527,000.00
2 5/8% Series 1968	do	1968	do	do	415,527,000.00		415,527,000.00
2 5/8% Series 1969	do	1969	do	do	615,527,000.00		615,527,000.00
2 5/8% Series 1970	do	1970	do	do	615,527,000.00		615,527,000.00
2 5/8% Series 1971	do	1971	do	do	615,527,000.00		615,527,000.00
2 5/8% Series 1974	do	1974	do	do	615,527,000.00	46,549,000.00	568,978,000.00
2 5/8% Series 1975	do	1975	do	do	615,527,000.00		615,527,000.00
2 1/2% Series 1967	Various dates from June 30, 1957	1967	do	do	385,000,000.00		385,000,000.00
2 1/2% Series 1968	do	1968	do	do	200,000,000.00		200,000,000.00
Exchange Stabilization Fund: Certificates:							
4.40% Series 1966	June 1, 1966	July 1, 1966	July 1, 1966	do	854,795,947.86	318,411,281.58	536,384,666.28
4.555% Series 1966	Apr. 1, 1966	On 1 days' notice; on July 1, 1966	do	do	192,500,000.00	188,500,000.00	4,000,000.00
4.83% Series 1966	June 24, 1966	do	do	do	20,000,000.00		20,000,000.00
Federal Deposit Insurance Corpo- ration: Notes:							
2% Series 1970	Various dates from Dec. 13, 1965	Redeemable after 1 year from date of issue and pay- able on Dec. 1, 1970	June 1-Dec. 1	do	179,771,000.00	122,651,000.00	57,120,000.00

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT ^a—Continued							
Special Issues ^b—Continued							
Federal disability insurance fund:							
Notes:							
4½% Series 1971	June 30, 1966	June 30, 1971	June 30–Dec. 31	Par	\$158,195,000.00		\$158,195,000.00
Bonds:		On demand; on June 30, 1979					
4½% Series 1979	Various dates from June 30, 1964	do	do	do	153,632,000.00		153,632,000.00
4½% Series 1980	do	1980	do	do	125,606,000.00		125,606,000.00
3½% Series 1978	June 30, 1963	1978	do	do	153,632,000.00		153,632,000.00
3¾% Series 1974	Various dates from June 30, 1961	1974	do	do	20,738,000.00		20,738,000.00
3¾% Series 1975	do	1975	do	do	20,738,000.00		20,738,000.00
3¾% Series 1976	do	1976	do	do	153,632,000.00		153,632,000.00
3¾% Series 1977	do	1977	do	do	153,632,000.00		153,632,000.00
2¾% Series 1974	June 30, 1959	1974	do	do	132,894,000.00	\$55,888,000.00	77,006,000.00
2¾% Series 1975	do	1975	do	do	132,894,000.00		132,894,000.00
Federal home loan banks:							
Certificates:							
4.40% Series 1966	June 1, 1966	July 1, 1966	July 1, 1966	do	1,034,500,000.00	110,000,000.00	924,500,000.00
Federal hospital insurance trust fund:							
Certificates:							
4½% Series 1967	June 30, 1966	June 30, 1967	June 30–Dec. 31	do	52,383,000.00		52,383,000.00
Notes:		Redeemable after 1 year from issue date; payable on June 30:					
4½% Series 1968	do	1968	do	do	52,383,000.00		52,383,000.00
4½% Series 1969	do	1969	do	do	52,383,000.00		52,383,000.00
4½% Series 1970	do	1970	do	do	52,383,000.00		52,383,000.00
4½% Series 1971	do	1971	do	do	576,226,000.00		576,226,000.00
Federal old-age and survivors insurance trust fund:							
Notes:							
4½% Series 1968	do	1968	do	do	363,207,000.00		363,207,000.00
4½% Series 1969	do	1969	do	do	1,080,011,000.00		1,080,011,000.00
4½% Series 1970	do	1970	do	do	296,526,000.00		296,526,000.00

4 $\frac{1}{8}$ % Series 1971	do	1971	do	do	1,080,011,000.00		1,080,011,000.00
Bonds:		On demand; on June 30:					
4 $\frac{1}{8}$ % Series 1978	Various dates from June 30, 1964	1978	do	do	421,567,000.00		421,567,000.00
4 $\frac{1}{8}$ % Series 1979	do	1979	do	do	1,080,011,000.00		1,080,011,000.00
4 $\frac{1}{8}$ % Series 1980	do	1980	do	do	1,080,011,000.00		1,080,011,000.00
3 $\frac{7}{8}$ % Series 1977	June 30, 1963	1977	do	do	1,080,011,000.00		1,080,011,000.00
3 $\frac{7}{8}$ % Series 1978	do	1978	do	do	658,444,000.00		658,444,000.00
3 $\frac{3}{4}$ % Series 1975	June 30, 1961	1975	do	do	160,077,000.00		160,077,000.00
3 $\frac{3}{4}$ % Series 1976	do	1976	do	do	1,080,011,000.00		1,080,011,000.00
2 $\frac{5}{8}$ % Series 1970	Various dates from June 30, 1959	1970	do	do	1,133,000,000.00	349,515,000.00	783,485,000.00
2 $\frac{5}{8}$ % Series 1971	do	1971	do	do	1,133,000,000.00	52,989,000.00	1,080,011,000.00
2 $\frac{5}{8}$ % Series 1972	do	1972	do	do	1,133,000,000.00	52,989,000.00	1,080,011,000.00
2 $\frac{5}{8}$ % Series 1973	do	1973	do	do	1,133,000,000.00	52,989,000.00	1,080,011,000.00
2 $\frac{5}{8}$ % Series 1974	do	1974	do	do	1,133,000,000.00	52,989,000.00	1,080,011,000.00
2 $\frac{5}{8}$ % Series 1975	do	1975	do	do	919,934,000.00		919,934,000.00
Federal Savings and Loan Insurance Corporation:		Redeemable after 1 year from issue date; payable on June 30:					
Notes:							
2% Series 1970	July 1, 1965	1970	do	do	561,000,000.00	338,299,000.00	222,701,000.00
Foreign service retirement fund:							
Certificates:							
4% Series 1967	June 30, 1966	On demand; on June 30, 1967	June 30	do	40,463,000.00		40,463,000.00
3% Series 1967	do	do	do	do	1,125,000.00		1,125,000.00
Government life insurance fund:							
Notes:							
4 $\frac{1}{4}$ % Series 1971	do	Redeemable after 1 year from date of issue and payable on June 30, 1971	do	do	77,986,000.00		77,986,000.00
Bonds:		On demand; on June 30:					
3 $\frac{3}{4}$ % Series 1967	June 30, 1960	1967	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1968	do	1968	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1969	do	1969	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1970	do	1970	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1971	do	1971	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1972	do	1972	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1973	do	1973	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1974	do	1974	do	do	670,000.00		670,000.00
3 $\frac{3}{4}$ % Series 1975	do	1975	do	do	73,770,000.00		73,770,000.00

Footnotes at end of table.

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TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT ^a—Continued							
Special Issues ^b—Continued							
Government life insurance fund—Continued							
Bonds—Continued							
3½% Series 1976	Various dates from June 30, 1964	1976	June 30	Par	\$5,971,000.00		\$5,971,000.00
3½% Series 1977	do	1977	do	do	23,807,000.00		23,807,000.00
3½% Series 1978	do	1978	do	do	48,214,000.00		48,214,000.00
3½% Series 1967	Feb. 1, 1960	1967	do	do	73,100,000.00		73,100,000.00
3½% Series 1968	do	1968	do	do	73,100,000.00		73,100,000.00
3½% Series 1969	do	1969	do	do	73,100,000.00		73,100,000.00
3½% Series 1970	do	1970	do	do	73,100,000.00		73,100,000.00
3½% Series 1971	do	1971	do	do	73,100,000.00		73,100,000.00
3½% Series 1972	do	1972	do	do	73,100,000.00		73,100,000.00
3½% Series 1973	do	1973	do	do	73,100,000.00		73,100,000.00
3½% Series 1974	do	1974	do	do	73,100,000.00		73,100,000.00
3½% Series 1976	do	1976	do	do	67,799,000.00		67,799,000.00
3½% Series 1977	do	1977	do	do	49,963,000.00		49,963,000.00
Highway trust fund:							
Certificates:							
4½% Series 1967	June 30, 1966	1967	June 30-Dec. 31	do	237,763,000.00		237,763,000.00
National service life insurance fund:							
Certificates:							
4½% Series 1967	do	1967	June 30	do	13,696,000.00		13,696,000.00
		Redeemable after 1 year from date of issue and payable on June 30:					
Notes:							
4½% Series 1968	do	1968	do	do	13,696,000.00		13,696,000.00
4½% Series 1969	do	1969	do	do	13,696,000.00		13,696,000.00
4½% Series 1970	do	1970	do	do	13,696,000.00		13,696,000.00
4½% Series 1971	do	1971	do	do	544,480,000.00		544,480,000.00
3½% Series 1967	June 30, 1965	1967	do	do	6,946,000.00		6,946,000.00
3½% Series 1968	do	1968	do	do	6,946,000.00		6,946,000.00
3½% Series 1969	do	1969	do	do	6,946,000.00		6,946,000.00
3½% Series 1970	do	1970	do	do	6,946,000.00		6,946,000.00
		On demand; on June 30:					
Bonds:							
3½% Series 1967	June 30, 1960	1967	do	do	7,873,000.00		7,873,000.00
3½% Series 1968	do	1968	do	do	7,873,000.00		7,873,000.00
3½% Series 1969	do	1969	do	do	7,873,000.00		7,873,000.00
3½% Series 1970	do	1970	do	do	7,873,000.00		7,873,000.00

3½% Series 1971	do	1971	do	do	7,873,000.00	7,873,000.00
3½% Series 1972	do	1972	do	do	7,873,000.00	7,873,000.00
3½% Series 1973	do	1973	do	do	7,873,000.00	7,873,000.00
3½% Series 1974	do	1974	do	do	7,873,000.00	7,873,000.00
3½% Series 1975	do	1975	do	do	386,873,000.00	386,873,000.00
3½% Series 1971	Various dates from June 30, 1964.	1971	do	do	6,946,000.00	6,946,000.00
3½% Series 1972	do	1972	do	do	6,946,000.00	6,946,000.00
3½% Series 1973	do	1973	do	do	6,946,000.00	6,946,000.00
3½% Series 1974	do	1974	do	do	6,946,000.00	6,946,000.00
3½% Series 1975	do	1975	do	do	6,946,000.00	6,946,000.00
3½% Series 1976	do	1976	do	do	6,946,000.00	6,946,000.00
3½% Series 1977	do	1977	do	do	7,512,000.00	7,512,000.00
3½% Series 1978	do	1978	do	do	95,560,000.00	95,560,000.00
3½% Series 1979	do	1979	do	do	393,819,000.00	393,819,000.00
3½% Series 1980	do	1980	do	do	393,819,000.00	393,819,000.00
3½% Series 1978	June 30, 1963	1978	do	do	298,259,000.00	298,259,000.00
3½% Series 1976	June 30, 1962	1976	do	do	43,724,000.00	43,724,000.00
3½% Series 1977	do	1977	do	do	386,307,000.00	386,307,000.00
3½% Series 1976	June 30, 1961	1976	do	do	343,149,000.00	343,149,000.00
3% Series 1967	Feb. 1, 1960	1967	do	do	379,000,000.00	379,000,000.00
3% Series 1968	do	1968	do	do	379,000,000.00	379,000,000.00
3% Series 1969	do	1969	do	do	379,000,000.00	379,000,000.00
3% Series 1970	do	1970	do	do	379,000,000.00	379,000,000.00
3% Series 1971	do	1971	do	do	379,000,000.00	379,000,000.00
3% Series 1972	do	1972	do	do	379,000,000.00	379,000,000.00
3% Series 1973	do	1973	do	do	379,000,000.00	379,000,000.00
3% Series 1974	do	1974	do	do	379,000,000.00	379,000,000.00
Railroad retirement account:						
Certificates:						
4½% Series 1967	June 30, 1966	1967	do	do	218,458,000.00	218,458,000.00
Notes:		Redeemable after 1 year from date of issue and payable on June 30:				
4½% Series 1968	do	1968	do	do	15,995,000.00	15,995,000.00
4½% Series 1969	do	1969	do	do	10,257,000.00	10,257,000.00
4½% Series 1970	do	1970	do	do	10,257,000.00	10,257,000.00
4½% Series 1971	do	1971	do	do	321,044,000.00	321,044,000.00
4½% Series 1968	Various dates from June 30, 1964.	1968	do	do	23,110,000.00	23,110,000.00
4½% Series 1969	do	1969	do	do	23,110,000.00	23,110,000.00
4½% Series 1970	do	1970	do	do	10,298,000.00	10,298,000.00
4% Series 1968	Oct. 5, 1963	1968	do	do	192,747,000.00	179,353,000.00
					\$13,394,000.00	

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Description	Date	When redeemable or payable ¹	Interest payment date	Average price received (per \$100)	Amount issued	Amount retired	Amount outstanding ²
INTEREST-BEARING DEBT ^a—Continued							
Special Issues ^b—Continued							
Railroad retirement account—Con. Bonds:	Various dates from June 30, 1964.	On demand; on June 30:					
4½% Series 1970	do	1970	June 30	Par	\$12,812,000.00		\$12,812,000.00
4½% Series 1971	do	1971	do	do	23,110,000.00		23,110,000.00
4½% Series 1972	do	1972	do	do	23,110,000.00		23,110,000.00
4½% Series 1973	do	1973	do	do	23,110,000.00		23,110,000.00
4½% Series 1974	do	1974	do	do	23,110,000.00		23,110,000.00
4½% Series 1975	do	1975	do	do	23,110,000.00		23,110,000.00
4½% Series 1976	do	1976	do	do	23,110,000.00		23,110,000.00
4½% Series 1977	do	1977	do	do	23,110,000.00		23,110,000.00
4½% Series 1978	do	1978	do	do	23,110,000.00		23,110,000.00
4½% Series 1979	do	1979	do	do	208,201,000.00		208,201,000.00
4½% Series 1980	do	1980	do	do	208,201,000.00		208,201,000.00
4% Series 1969	Oct. 5, 1963.	1969	do	do	185,091,000.00		185,091,000.00
4% Series 1970	do	1970	do	do	185,091,000.00		185,091,000.00
4% Series 1971	do	1971	do	do	185,091,000.00		185,091,000.00
4% Series 1972	do	1972	do	do	185,091,000.00		185,091,000.00
4% Series 1973	do	1973	do	do	185,091,000.00		185,091,000.00
4% Series 1974	do	1974	do	do	185,091,000.00		185,091,000.00
4% Series 1975	do	1975	do	do	185,091,000.00		185,091,000.00
4% Series 1976	do	1976	do	do	185,091,000.00		185,091,000.00
4% Series 1977	do	1977	do	do	185,091,000.00		185,091,000.00
4% Series 1978	do	1978	do	do	185,091,000.00		185,091,000.00
Unemployment trust fund: Certificates:							
3½% Series 1967	June 30, 1966	1967	June 30-Dec. 31	do	7,074,789,000.00		7,074,789,000.00
Veterans' special term insurance fund: Certificates:							
3½% Series 1967	do	1967	June 30	do	169,618,000.00		169,618,000.00
Veterans' reopened insurance fund: Certificates:							
4½% Series 1967	do	1967	do	do	18,772,000.00		18,772,000.00
Total special issues					52,901,085,947.86	\$1,780,592,281.58	51,120,493,666.28
Total interest-bearing debt outstanding.					474,839,985,362.67	159,433,083,687.60	315,406,901,675.07

Title	Amount outstanding	Title	Amount outstanding
MATURED DEBT ON WHICH INTEREST HAS CEASED		MATURED DEBT ON WHICH INTEREST HAS CEASED—Con.	
Old debt matured (issued prior to Apr. 1, 1917) ^{21 b}	²² \$1,492,410.26	Treasury notes, tax series ^a	\$94,525.00
2½% postal savings bonds ^c	²² 230,020.00	Certificates of indebtedness, at various interest rates ^a	463,200.00
First Liberty bonds, at various interest rates ^d	²² 544,750.00	Treasury bills ^a	117,506,000.00
Other Liberty bonds and Victory notes, at various interest rates ^a	4,423,150.00	Treasury savings certificates ^a	²² 70,625.00
Treasury bonds, at various interest rates ^a	29,244,050.00	U.S. savings bonds ^a	92,992,475.00
Adjusted service bonds of 1945 ^a	1,231,750.00	Armed Forces leave bonds ^a	6,129,425.00
Treasury notes, at various interest rates ^a	21,476,400.00		
Treasury savings notes ^a	450,900.00	Total matured debt on which interest has ceased.....	276,349,680.26

Title	Amount outstanding
DEBT BEARING NO INTEREST	
Special notes of the United States (the notes are nonnegotiable, bear no interest, and are payable on demand):	
International Monetary Fund series (issued pursuant to the provisions of the Bretton Woods Agreements Act, approved July 31, 1945 (22 U.S.C. 286e), and under the authority of and subject to the provisions of the Second Liberty Bond Act, as amended).....	\$3,614,000,000.00
International Development Association series (issued pursuant to the provisions of the International Development Association Act, approved June 30, 1960 (22 U.S.C. 284e) and under the authority of and subject to the provisions of the Second Liberty Bond Act, as amended).....	64,000,000.00
Inter-American Development Bank series (issued pursuant to the provisions of the Inter-American Development Bank Act, approved Aug. 7, 1959 (22 U.S.C. 283e), and under the authority of and subject to the provisions of the Second Liberty Bond Act, as amended).....	131,500,000.00
Special bonds of the United States: (the bonds are nonnegotiable, bear no interest, and are payable on demand):	
U.N. Special Fund Series.....	37,877,990.00
U.S. savings stamps (Public Debt Act of 1942 (31 U.S.C. 757c)).....	55,901,064.96
Excess profits tax refund bonds were issued under authority of and subject to the provisions of the Second Liberty Bond Act, as amended, and sections 780 to 783, inclusive, of the Internal Revenue Code of 1939, as amended. These bonds did not bear interest and were payable at the option of the owner after Jan. 1, 1946. The first series matured on Dec. 31, 1948, and the second series on Dec. 31, 1949:	
First Series.....	355,630.66
Second Series.....	267,588.39
Total excess profits tax refund bonds.....	623,219.05
Old demand notes (acts of July 17, 1861 (12 Stat. 259); Aug 5, 1861 (12 Stat. 313); Feb. 12, 1862 (12 Stat. 338)). (The \$60,036,000 issued includes \$60,000,000 authorized to be outstanding and amounts issued on deposits including reissues.).....	²² 52,917.50
Fractional currency (acts of July 17, 1862 (12 Stat. 592); Mar. 3, 1863 (12 Stat. 711); June 30, 1864 (13 Stat. 220)). (The \$368,724,080 issued includes \$50,000,000 authorized to be outstanding and amounts issued on deposits including reissues.).....	²² ²³ 1,965,154.45
Legal tender notes (acts of Feb. 25, 1862 (12 Stat. 345); July 11, 1862 (12 Stat. 532); Mar. 3, 1863 (12 Stat. 719); May 31, 1878 (31 U.S.C. 404); Mar. 14, 1900 (31 U.S.C. 408); Mar. 4, 1907 (31 U.S.C. 403)). (Greatest amount ever authorized to be outstanding \$450,000,000).....	322,539,016.00
Less gold reserve.....	—156,039,430.93
Total legal tender notes less gold reserve.....	²² 166,499,585.07
Old series currency (31 U.S.C. 912-916).....	²² ²³ 5,597,115.00
National bank notes, redemption account (act of July 14, 1890 (31 U.S.C. 408)).....	²² ²³ 21,357,785.50

Footnotes at end of table.

TABLE 36.—Description of public debt issues outstanding June 30, 1966—Continued

Title	Amount outstanding
DEBT BEARING NO INTEREST—Continued	
Federal Reserve bank notes, redemption account (act of Dec. 23, 1913 (12 U.S.C. 467)).....	22 23 \$64,904,134.50
Thrift and Treasury savings stamps.....	23 3,699,621.50
Total debt bearing no interest.....	4,167,978,587.53
SUMMARY	
Gross debt (including \$26,964,313,962.12 to finance expenditures of Government corporations for which securities of such corporations are held by the Treasury).	319,851,229,942.86
Guaranteed debt of U.S. Government agencies.....	461,547,275.00
Total gross public debt and guaranteed debt.....	320,312,777,217.86
Deduct debt not subject to statutory limitation ²⁴	266,414,118.78
Total debt subject to limitation ²⁴	320,046,363,099.08

¹ Payable on date indicated except where otherwise noted. Where two dates are shown for Treasury bonds, first date is earliest call date and second date is maturity date.

² Reconciliation by classification to the basis of daily Treasury statement is shown in table 35.

³ Treasury bills are shown at maturity value and are sold on a discount basis with competitive bids for each issue. The average sale price on these series gives an approximate yield on a bank discount basis (360 days a year) as indicated opposite each issue of bills. This yield differs slightly from the yield on a discount basis (365 or 366 days a year) which is shown in the summary table 35.

⁴ Redeemable, at par and accrued interest to date of payment, at any time upon the death of the owner at the option of the duly constituted representative of the deceased owners' estate, provided entire proceeds of redemption are applied to payment of Federal estate taxes on such estate.

⁵ Not called for redemption on first call date. Callable on succeeding interest payment dates.

⁶ Of this amount \$320,098,000 face amount was issued in exchange for Series F and G savings bonds maturing in the calendar year 1962, and \$309,000 face amount was issued for cash.

⁷ Of this amount \$147,331,500 face amount was issued in exchange for Series F and G savings bonds maturing in the calendar year 1961, and \$365,500 face amount was issued for cash.

⁸ Of this amount \$41,313,500 face amount was issued in exchange for Series F and G savings bonds maturing in the calendar years 1963 and 1964, and \$93,000 face amount was issued for cash.

⁹ Of this amount \$33,834,500 face amount was issued in exchange for Series F and G savings bonds maturing in the calendar years 1963 and 1964, and \$102,000 face amount was issued for cash.

¹⁰ Redeemable upon 2 days' notice in whole or in part for the purpose of purchasing United States certificates of indebtedness, foreign currency series, having a maturity of three months.

¹¹ Redeemable upon 2 days' notice in whole or in part for the purpose of purchasing United States certificates of indebtedness, foreign series having a maturity of three months.

¹² Redeemable prior to maturity in whole or in part as per agreement.

¹³ These bonds are subject to call by the United States for redemption prior to maturity.

¹⁴ Semiannual interest to be added to principal (for redemption values see table in Department Circular, Public Debt Series No. 1-63, in the 1963 annual report, p. 273).

¹⁵ May be exchanged at option of owner for marketable 1½ percent 5-year Treasury notes, dated Apr. 1 and Oct. 1 immediately preceding the date of exchange.

¹⁶ Includes \$316,389,000 of securities received by Federal National Mortgage Association in exchange for mortgages.

¹⁷ Amounts issued and retired for Series E and J include accrued discount; amounts outstanding are stated at current redemption values. Amounts issued, retired, and outstanding for Series H and K are stated at par value.

¹⁸ At option of owner, bonds dated May 1, 1941, through May 1, 1949, may be held and will accrue interest for additional 20 years; bonds dated on and after June 1, 1949, may be held and will accrue interest for additional 10 years.

¹⁹ Represents a weighted average of the approximate yields of bonds of various issue dates within the yearly series if held to maturity or if held from issue date to end of applicable extension period, computed on the basis of bonds outstanding Jan. 31, 1966. (For details of yields by issue dates, see Treasury Circulars No. 653 (Seventh Revision) for Series E and No. 905 (Fourth Revision) for Series H, Mar. 18, 1966, and Apr. 7, 1966, respectively, exhibits 6 and 8.)

²⁰ At option of owner, bonds dated June 1, 1952, through May 1, 1959 may be held and will accrue interest for additional 10 years.

²¹ For detailed information see 1956 annual report, page 435.

²² Not subject to the statutory debt limitation.

²³ After deducting amounts officially estimated to have been lost or irrevocably destroyed.

²⁴ For statutory limit on the public debt, see tables 39 and 40.

AUTHORIZING ACTS:

- (a) Sept. 24, 1917, as amended.
- (b) Various.
- (c) June 25, 1910.
- (d) Apr. 24, 1917.

TAX STATUS:

(e) Treasury bills are not considered capital assets under the Internal Revenue Code of 1954. The difference between the price paid for the bills and the amount actually received upon their sale or redemption at maturity for Federal income tax purposes is to be treated as an ordinary gain or loss for the taxable year in which the transaction occurs.

(f) Income derived from these securities is subject to all taxes now or hereafter imposed under the Internal Revenue Code of 1954.

(g) Any gain or loss derived from the exchange of the following securities will be taken into account for Federal income tax purposes upon the disposition or redemption of the new securities.

<i>New security</i>	<i>Effective date of exchange</i>	<i>Security exchanged</i>
3½% Bonds 1968	June 23, 1960	2½% Bonds 1961.
3½% Bonds 1980	Oct. 3, 1960	2½% Bonds 1962-67.
3½% Bonds 1990	Oct. 3, 1960	2½% Bonds 1963-68.
3½% Bonds 1998	Oct. 3, 1960	2½% Bonds June 15, 1964-69.
3½% Bonds 1966	Mar. 15, 1961	2½% Bonds Dec. 15, 1964-69.
3½% Bonds 1967	Mar. 15, 1961	2½% Bonds 1963.
3½% Bonds 1980	Sept. 15, 1961	2½% Notes A-1963.
3½% Bonds 1990		2½% Bonds 1965-70.
3½% Bonds 1998		2½% Bonds 1966-71.
4% Bonds 1971	Mar. 1, 1962	3% Bonds 1964.
4% Bonds 1980	Mar. 1, 1962	2½% Bonds 1965.
3½% Bonds 1990	Mar. 1, 1962	2½% Bonds 1966.
3½% Bonds 1998		2½% Bonds Sept. 15, 1967-72.
		2½% Bonds June 15, 1967-72.
		2½% Bonds Dec. 15, 1967-72.
		3½% Certificates A-1963.
		2½% Notes A-1963.
		3½% Notes E-1963.
3½% Notes A-1967	Sept. 15, 1962	3½% Certificates B-1963.
4% Bonds 1972 (9-15-62)		3½% Notes D-1963.
		4% Notes B-1963.
		3½% Certificates C-1963.
3½% Notes B-1967	Mar. 15, 1963	3½% Certificates D-1963.
3½% Bonds 1971		2½% Bonds 1963.
		3% Bonds 1964.
		3½% Notes B-1965.
3½% Bonds 1974	Mar. 15, 1963	3½% Notes B-1966.
		3% Bonds 1966.
		3½% Bonds 1966.

4% Bonds 1980	Mar. 15, 1963	3½% Notes B-1965.
		3½% Notes B-1966.
		3½% Certificates C-1963.
		3½% Certificates D-1963.
		2½% Bonds 1963.
		3% Bonds 1964.
		3% Bonds 1966.
		3½% Bonds 1966.
3½% Bonds 1968 (9-15-63)	Sept. 18, 1963	3½% Certificates B-1964.
		4½% Notes A-1964.
		3½% Notes D-1964.
		3½% Certificates B-1964.
		4½% Notes A-1964.
4% Bonds 1973	Sept. 18, 1963	3½% Notes D-1964.
4½% Bonds 1989-94		3½% Bonds 1966.
		4% Notes A-1966.
		3½% Notes B-1967.
		3½% Notes A-1967.
		5% Notes B-1964.
		4½% Notes C-1964.
4% Bonds 1970	Jan. 29, 1964	3½% Notes E-1964.
4½% Bonds 1975-85		3½% Notes F-1964.
		4½% Notes A-1965.
		2½% Bonds 1965.
		3½% Notes C-1965.
4% Bonds 1969 (10-1-57)	July 24, 1964	3½% Notes B-1966.
4½% Bonds 1973		4% Notes A-1966.
4½% Bonds 1987-92		3½% Notes B-1967.
		3½% Bonds 1966.
		3½% Notes B-1965.
		4% Notes E-1965.
4% Bonds 1970(1-15-65)	Jan. 19, 1965	3½% Notes B-1966.
4½% Bonds 1974		3½% Notes C-1966.
4½% Bonds 1987-92		3½% Notes A-1967.
		3½% Bonds 1966.
		3½% Bonds 1967.

(h) These issues, being investments of various Government funds and payable only for the account of such funds, have no present tax liability.

MEMORANDUM RELATING TO OTHER SECURITIES:

Securities of the United States payable on presentation:

U.S. registered interest checks payable	\$1,002,826,096.17
U.S. interest coupons due and outstanding	83,714,357.19
Interest payable with and accrued discount added to principal of U.S. securities	4,917,178.83
Total	1,091,467,632.19

TABLE 37.—Description of guaranteed debt held outside the Treasury, June 30, 1966
[On basis of daily Treasury statements, see "Bases of Tables"]

Securities	Rate of interest	Amount
UNMATURED DEBT		
District of Columbia Armory Board Stadium bonds of 1970-79 issued under the act of September 7, 1957, as amended (2 D.C. Code 1722-1727) ^{1 2}	Percent 4.20	\$19,800,000.00
Federal Housing Administration debentures issued under the act of June 27, 1934, as amended (12 U.S.C. 1701-1750g): ^{3 4}		
Mutual mortgage insurance fund:		
Series AA.....	2½	516,150.00
Series AA.....	2½	625,050.00
Series AA.....	2½	385,500.00
Series AA.....	2½	1,517,500.00
Series AA.....	3	1,359,900.00
Series AA.....	3½	4,753,950.00
Series AA.....	3½	1,066,250.00
Series AA.....	3½	4,415,600.00
Series AA.....	3½	19,084,450.00
Series AA.....	3½	41,749,500.00
Series AA.....	3½	19,618,100.00
Series AA.....	4	28,947,800.00
Series AA.....	4½	9,362,300.00
Cooperative management housing insurance fund:		
Series NN.....	3½	1,635,900.00
General insurance fund:		
General insurance:		
Series MM.....	2½	8,535,900.00
Series MM.....	2½	232,800.00
Series MM.....	2½	47,450.00
Series MM.....	3	66,550.00
Series MM.....	3½	115,450.00
Series MM.....	3½	25,750.00
Series MM.....	3½	70,650.00
Series MM.....	3½	577,500.00
Series MM.....	3½	8,628,550.00
Series MM.....	3½	62,006,500.00
Series MM.....	4	28,636,550.00
Series MM.....	4½	33,482,500.00
Armed services housing mortgage insurance fund:		
Series FF.....	2½	174,050.00
Series FF.....	2½	1,380,000.00
Series FF.....	3½	33,050.00
Series FF.....	3½	10,500.00
Series FF.....	3½	52,400.00
Series FF.....	3½	11,350.00
Series FF.....	4	28,400.00
Series FF.....	4½	24,400.00
Housing insurance fund:		
Series BB.....	2½	6,787,550.00
Series BB.....	2½	1,609,850.00
Series BB.....	2½	294,050.00
Series BB.....	3	8,450.00
Series BB.....	3½	2,072,700.00
Series BB.....	3½	213,600.00
Series BB.....	3½	973,900.00
Series BB.....	3½	9,645,400.00
Series BB.....	3½	12,618,350.00
Series BB.....	3½	6,550,100.00
Series BB.....	4	6,215,050.00
Series BB.....	4½	10,593,650.00
National defense housing insurance fund:		
Series GG.....	2½	18,243,100.00
Series GG.....	2½	1,976,400.00
Series GG.....	2½	20,936,150.00
Series GG.....	2½	4,761,650.00
Series GG.....	3	170,000.00
Series GG.....	3½	303,750.00
Series GG.....	3½	9,050.00
Section 203 home improvement account:		
Series HH.....	3½	50.00
Section 220 housing insurance fund:		
Series CC.....	3½	4,740,000.00
Series CC.....	3½	9,251,200.00
Series CC.....	3½	2,336,750.00
Series CC.....	3½	3,344,000.00

Footnotes at end of table.

TABLE 37.—Description of guaranteed debt held outside the Treasury, June 30, 1966—
Continued

Securities	Rate of interest	Amount
UNMATURED DEBT—Continued		
Federal Housing Administration debentures issued under the act of June 27, 1934, as amended (12 U.S.C. 1701-1750g): ³ —Continued		
General insurance fund—Continued		
Section 221 housing insurance fund:		
	<i>Percent</i>	
Series DD.....	3½	\$21,700.00
Series DD.....	3¼	14,900.00
Series DD.....	3½	1,132,750.00
Series DD.....	3½	9,264,650.00
Series DD.....	3¼	1,428,550.00
Series DD.....	3½	94,800.00
Series DD.....	4	69,600.00
Series DD.....	4½	256,600.00
Servicemen's mortgage insurance fund:		
Series EE.....	2½	51,000.00
Series EE.....	2½	552,950.00
Series EE.....	3	575,050.00
Series EE.....	3½	2,003,500.00
Series EE.....	3¼	526,550.00
Series EE.....	3½	1,686,000.00
Series EE.....	3½	3,966,500.00
Series EE.....	3¼	1,443,250.00
Series EE.....	3½	2,190,200.00
Series EE.....	4	2,002,750.00
Series EE.....	4½	4,860,100.00
Title I housing insurance fund:		
Series L.....	2½	3,250.00
Series R.....	2¾	79,400.00
Series T.....	3	236,500.00
War housing insurance fund:		
Series H.....	2½	5,380,550.00
Subtotal.....		440,674,100.00
Total unmatured debt.....		460,474,100.00
MATURED DEBT¹		
Commodity Credit Corporation, interest.....		11.25
District of Columbia Armory Board, interest.....		3,927.00
Federal Farm Mortgage Corporation:		
Principal.....		124,500.00
Interest.....		33,817.39
Federal Housing Administration:		
Principal.....		682,450.00
Interest.....		15,980.55
Home Owners' Loan Corporation:		
Principal.....		266,225.00
Interest.....		67,165.49
Reconstruction Finance Corporation, interest.....		19.25
Total matured debt (principal and interest).....		1,194,095.93
Total.....		461,668,195.93

¹ Issued on June 1, 1960, at a price to yield 4.1879 percent, but sale was not consummated until Aug. 2, 1960. Interest is payable semiannually on June 1 and December 1. These bonds are redeemable on and after June 1, 1970, and mature on Dec. 1, 1979.

² The securities and the income derived therefrom, and gain from the sale or other disposition thereof or transfer as by inheritance or gift, are subject to taxation by the United States, but are exempt both as to principal and interest from all taxation, except estate and inheritance taxes, imposed by the District of Columbia.

³ Issued and payable on various dates. Interest is payable semiannually on January 1 and July 1. All unmatured debentures are redeemable on any interest day or days, on 3 months' notice.

⁴ Under the Public Debt Act of 1941 (31 U.S.C. 742a), income or gain derived from these securities is subject to all Federal taxes now or hereafter imposed. The securities are subject to surtaxes, estate, inheritance, gift, or excise taxes (through Dec. 31, 1965), whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, municipality, or local taxing authority. Debentures issued on contracts entered into before Mar. 1, 1941, are exempt from all taxation except surtaxes, estate, inheritance, and gift taxes.

⁵ Funds are on deposit with the Treasurer of the United States for payment of principal of \$1,073,175 and interest of \$120,920.93.

NOTE.—For securities held by the Treasury, see table 110.

TABLE 38.—*Postal savings systems' deposits and Federal Reserve notes outstanding June 30, 1946-66*

[Face amount in thousands of dollars. On basis of reports received by the Treasury]

June 30	Deposits in postal savings systems ¹			Federal Reserve notes ⁴
	U.S. Postal Savings System ²	Canal Zone Postal Savings System ³	Total	
1946.....	3, 119, 656	9, 612	3, 129, 268	23, 434, 613
1947.....	3, 392, 773	9, 602	3, 402, 375	23, 444, 193
1948.....	3, 379, 130	9, 129	3, 388, 259	23, 136, 167
1949.....	3, 277, 402	8, 943	3, 286, 346	22, 783, 823
1950.....	3, 097, 316	8, 643	3, 105, 959	22, 398, 284
1951.....	2, 788, 199	7, 044	2, 795, 244	22, 975, 292
1952.....	2, 617, 564	7, 005	2, 624, 569	24, 135, 367
1953.....	2, 457, 548	6, 848	2, 464, 396	25, 040, 465
1954.....	2, 251, 419	6, 506	2, 257, 926	24, 726, 731
1955.....	2, 007, 996	6, 290	2, 014, 286	25, 030, 031
1956.....	1, 765, 470	6, 313	1, 771, 783	25, 523, 779
1957.....	1, 462, 268	6, 139	1, 468, 408	25, 836, 574
1958.....	1, 212, 672	5, 713	1, 218, 385	25, 862, 932
1959.....	1, 041, 792	5, 492	1, 047, 284	26, 479, 923
1960.....	835, 800	5, 067	840, 867	26, 569, 479
1961.....	699, 528	4, 695	704, 223	26, 735, 869
1962.....	581, 177	4, 275	585, 452	27, 852, 820
1963.....	483, 504	4, 023	487, 527	29, 379, 114
1964.....	414, 533	3, 781	418, 314	31, 400, 405
1965.....	342, 274	3, 145	345, 419	33, 828, 265
1966.....	⁵ 191, 938	⁶ 2, 330	194, 268	⁷ 36, 486, 105

¹ The faith of the United States is solemnly pledged to the payment of deposits (plus accrued interest at the rate of 2 percent) made in postal savings depository offices. Interest is payable quarterly from the first day of the month next following date of deposit, and on deposits made after Mar. 1, 1941, under the Public Debt Act of 1941 (31 U.S.C. 742(a)), is subject to all Federal taxes.

² Established by the act of June 25, 1910, as amended (39 U.S.C. 5201-5224), and discontinued on Apr. 27, 1966, by the act of Mar. 28, 1966 (39 U.S.C. 5225-5229).

³ Established by the act of June 13, 1940, as amended (2 Canal Zone Code 1131-1143).

⁴ Authority for the issuance of Federal Reserve notes was given under the act of Dec. 23, 1913, as amended (12 U.S.C. 411-416). The notes are obligations of the United States and are receivable by all national and member banks and Federal Reserve banks and for all taxes, customs, and other public dues. They are redeemable in lawful money on demand at the Treasury Department, Washington, D.C., or at any Federal Reserve bank.

⁵ Funds due depositors on June 30, 1966, including interest of \$24,315,159 totaling \$216,253,630, are offset by cash in designated depository banks amounting to \$17,119,493, which is secured by the pledge of collateral as provided in the regulations of the Postal Savings System, having a face value of \$18,227,000; Government securities with a face value of \$188,890,000; and cash in possession of the System and other net assets of \$10,244,137.

⁶ Funds due depositors on June 30, 1966, including interest of \$158,775 totaling \$2,488,800, are offset by Government securities having a face value of \$2,650,000 and other assets.

⁷ In actual circulation, exclusive of \$1,770,259,460 redemption fund deposited in the Treasury and \$2,693,249,203 of their own Federal Reserve notes held by the issuing banks. Also excludes \$1,193,088 held by the Treasurer of the United States for the redemption of all series of Federal Reserve notes before Series of 1928. See table 61, footnote 9. The collateral security for Federal Reserve notes issued consists of \$6,563,000,000 in gold certificates and in credits with the Treasurer of the United States payable in gold certificates, \$35,168,000,000 face amount of U.S. Government securities, and \$30,394,000 face amount of commercial paper. Notes issued by a Federal Reserve bank are a first lien against the assets of such bank.

TABLE 39.—*Statutory limitation on the public debt and guaranteed debt, June 30, 1966*

[In millions of dollars]

PART I.—STATUS UNDER LIMITATION, JUNE 30, 1966

Maximum amount of securities which may be outstanding at any one time under limitations imposed by section 21 of Second Liberty Bond Act, as amended ¹	328,000
Amount of securities outstanding subject to such statutory debt limitation:	
U.S. Government securities issued under the Second Liberty Bond Act, as amended.....	319,641
Guaranteed debt held outside the Treasury.....	462
Total.....	320,102
Balance issuable under limitation.....	7,898

PART II.—APPLICATION OF LIMITATION TO PUBLIC DEBT AND GUARANTEED DEBT OUTSTANDING, JUNE 30, 1966

Class of securities	Subject to statutory debt limitation	Not subject to statutory debt limitation	Total outstanding
Public debt:			
Interest-bearing securities:			
Marketable:			
Treasury bills.....	54,929		54,929
Certificates of indebtedness.....	1,652		1,652
Treasury notes.....	50,649		50,649
Treasury bonds.....	101,897		101,897
Total marketable.....	209,127		209,127
Nonmarketable:			
Certificates of indebtedness, foreign series.....	305		305
Certificates of indebtedness, foreign currency series.....	368		368
Treasury notes, foreign series.....	338		338
Treasury bonds, foreign series.....	174		174
Treasury bonds, foreign currency series.....	589		589
Treasury certificates.....	93		93
Treasury bonds.....	4		4
U.S. savings bonds (current redemption value).....	50,537		50,537
U.S. retirement plan bonds.....	16		16
Depository bonds.....	44		44
Treasury bonds, R&A series.....	23		23
Treasury bonds, investment series.....	2,692		2,692
Total nonmarketable.....	55,183		55,183
Special issues to Government agencies and trust funds.....	51,120		51,120
Total interest-bearing securities.....	315,431		315,431
Matured debt on which interest has ceased.....	305	2	308
Debt bearing no interest:			
U.S. savings stamps.....	56		56
Excess profits tax refund bonds.....	1		1
Special notes of the United States:			
International Monetary Fund Series.....	3,614		3,614
International Development Association Series.....	64		64
Inter-American Development Bank Series.....	132		132
Special bonds of the United States:			
U.N. Special Fund Series.....	38		38
U.S. notes (less gold reserve).....		166	166
Deposits for retirement of national bank and Federal Reserve bank notes.....		86	86
Other debt bearing no interest.....		11	11
Total debt bearing no interest.....	3,904	264	4,168
Total public debt ²	319,641	266	319,907
Guaranteed debt held outside the Treasury:			
Interest-bearing.....	460		460
Matured.....	1		1
Total guaranteed debt.....	462		462
Total public debt and guaranteed debt.....	320,102	266	320,369

¹ The following table details amendments to the act.² Includes public debt incurred to finance expenditures of wholly owned Government corporations and other business-type activities in exchange for which securities of the corporations and activities were issued to the Treasury. See table 110.

TABLE 40.—*Debt limitation under the Second Liberty Bond Act, as amended, 1917-66*

Date and act	History of legislation	Amount of limitation
<i>Sept. 24, 1917</i>		
40 Stat. 288.....	Sec. 1 authorized issuance of <i>bonds</i> in the amount of.....	\$7,538,945,460
40 Stat. 290.....	Sec. 5 authorized <i>certificates</i> of indebtedness outstanding.....	4,000,000,000
<i>Apr. 4, 1918</i>		
40 Stat. 502.....	Amended sec. 1, increasing <i>bond</i> issuance authority to.....	12,000,000,000
40 Stat. 504.....	Amended sec. 5, increasing authority for <i>certificates</i> outstanding to.....	8,000,000,000
<i>July 9, 1918</i>		
40 Stat. 844.....	Amended sec. 1, increasing <i>bond</i> issuance authority to.....	20,000,000,000
<i>Mar. 3, 1919</i>		
40 Stat. 1311.....	Amended sec. 5, increasing authority for <i>certificates</i> outstanding to.....	10,000,000,000
40 Stat. 1309.....	Added sec. 18, authorizing issuance of <i>notes</i> in the amount of.....	7,000,000,000
<i>Nov. 23, 1921</i>		
42 Stat. 321.....	Amended sec. 18, providing limit on <i>notes</i> outstanding.....	7,500,000,000
<i>June 17, 1929</i>		
46 Stat. 19.....	Amended sec. 5, authorizing <i>bills</i> in addition to certificates of indebtedness outstanding.....	10,000,000,000
<i>Mar. 3, 1931</i>		
46 Stat. 1506.....	Amended sec. 1, increasing <i>bond</i> issuance authority to.....	28,000,000,000
<i>Jan. 30, 1934</i>		
48 Stat. 343.....	Amended sec. 18, increasing authority for <i>notes</i> outstanding to.....	10,000,000,000
<i>Feb. 4, 1935</i>		
49 Stat. 20.....	Amended sec. 1, providing limit on <i>bonds</i> outstanding.....	25,000,000,000
49 Stat. 21.....	Added sec. 21, consolidating authority for <i>certificates</i> and <i>bills</i> (sec. 5) and authority for <i>notes</i> (sec. 18) outstanding.....	20,000,000,000
<i>May 26, 1938</i>		
52 Stat. 447.....	Amended sec. 21, consolidating authority for bonds, notes, certificates of indebtedness, and bills outstanding (<i>bonds</i> limited to \$30 billion).....	45,000,000,000
<i>July 20, 1939</i>		
53 Stat. 1071.....	Amended sec. 21, removing limitation on <i>bonds</i> without changing authorized total of bonds, notes, certificates of indebtedness, and bills outstanding.....	45,000,000,000
<i>June 25, 1940</i>		
54 Stat. 526.....	Amended sec. 21, adding new authority for issuance of \$4 billion National Defense Series obligations outstanding.....	49,000,000,000
<i>Feb. 19, 1941</i>		
55 Stat. 7.....	Amended sec. 21, eliminating authority for \$4 billion of National Defense Series obligations and increasing limitation to.....	65,000,000,000
<i>Mar. 28, 1942</i>		
56 Stat. 189.....	Amended sec. 21, increasing limitation to.....	125,000,000,000
<i>Apr. 11, 1943</i>		
57 Stat. 63.....	Amended sec. 21, increasing limitation to.....	210,000,000,000
<i>June 9, 1944</i>		
58 Stat. 272.....	Amended sec. 21, increasing limitation to.....	260,000,000,000
<i>Apr. 3, 1945</i>		
59 Stat. 47.....	Amended sec. 21, including obligations guaranteed as to principal and interest by the United States and increasing limitation to.....	300,000,000,000
<i>June 26, 1946</i>		
60 Stat. 316.....	Amended sec. 21, defining face amount of savings bonds to be current redemption value and decreasing limitation to.....	275,000,000,000

TABLE 40.—*Debt limitation under the Second Liberty Bond Act, as amended, 1917-66—Continued*

Date and act	History of legislation	Amount of limitation
<i>Aug. 28, 1954</i> 68 Stat. 895.....	Increased sec. 21 limitation by \$6 billion during period beginning Aug. 28, 1954, and ending June 30, 1955.....	\$281,000,000,000
<i>June 30, 1955</i> 69 Stat. 241.....	Amended act of Aug. 28, 1954, extending increase in limitation until June 30, 1956.....	281,000,000,000
<i>July 9, 1956</i> 70 Stat. 519.....	Increased sec. 21 limitation by \$3 billion during period beginning July 1, 1956, and ending June 30, 1957..... Temporary increase terminated July 1, 1957, and limitation reverted to.	278,000,000,000 275,000,000,000
<i>Feb. 26, 1958</i> 72 Stat. 27.....	Increased sec. 21 limitation by \$5 billion during period beginning Feb. 26, 1958, and ending June 30, 1959.....	280,000,000,000
<i>Sept. 2, 1958</i> 72 Stat. 1758.....	Amended sec. 21, increasing limitation to \$283 billion, which, with temporary increase of Feb. 26, 1958, made limitation.....	288,000,000,000
<i>June 30, 1959</i> 73 Stat. 156.....	Amended sec. 21, increasing limitation to \$285 billion, and increased sec. 21 limitation by \$10 billion during period beginning July 1, 1959, and ending June 30, 1960.....	295,000,000,000
<i>June 30, 1960</i> 74 Stat. 290.....	Increased sec. 21 limitation by \$8 billion during period beginning July 1, 1960, and ending June 30, 1961.....	293,000,000,000
<i>June 30, 1961</i> 75 Stat. 148.....	Increased sec. 21 limitation by \$13 billion during period beginning July 1, 1961, and ending June 30, 1962.....	298,000,000,000
<i>Mar. 13, 1962</i> 76 Stat. 23.....	Increased sec. 21 limitation by \$2 billion (in addition to temporary increase of \$13 billion in act of June 30, 1961) during period beginning Mar. 13, 1962, and ending June 30, 1962.....	300,000,000,000
<i>July 1, 1962</i> 76 Stat. 124.....	Increased sec. 21 limitation during the periods: (1) beginning July 1, 1962, and ending Mar. 31, 1963, to..... (2) beginning Apr. 1, 1963, and ending June 24, 1963, to..... (3) beginning June 25, 1963, and ending June 30, 1963, to.....	308,000,000,000 305,000,000,000 300,000,000,000
<i>May 29, 1963</i> 77 Stat. 50.....	Increased sec. 21 limitation during the periods: (1) beginning May 29, 1963, and ending June 30, 1963, to..... (2) beginning July 1, 1963, and ending Aug. 31, 1963, to.....	307,000,000,000 309,000,000,000
<i>Aug. 27, 1963</i> 77 Stat. 131.....	Increased sec. 21 limitation during the period beginning Sept. 1, 1963, and ending Nov. 30, 1963, to.....	309,000,000,000
<i>Nov. 26, 1963</i> 77 Stat. 342.....	Increased sec. 21 limitation during the periods: (1) beginning Dec. 1, 1963, and ending June 29, 1964, to..... (2) ending June 30, 1964, to.....	315,000,000,000 309,000,000,000
<i>June 29, 1964</i> 78 Stat. 225.....	Increased sec. 21 limitation during the period beginning June 29, 1964, and ending June 30, 1965, to.....	324,000,000,000
<i>June 24, 1965</i> 79 Stat. 172.....	Increased sec. 21 limitation during the period beginning July 1, 1965, and ending June 30, 1966, to.....	328,000,000,000
<i>June 24, 1966</i> 80 Stat. 221.....	Increased sec. 21 limitation during the period beginning July 1, 1966, and ending June 30, 1967, to.....	330,000,000,000

II. Operations

TABLE 41.—Public debt receipts and expenditures by classes, monthly for fiscal year 1966 and totals for 1965 and 1966
(On basis of daily Treasury statements, see "Bases of Tables")

Receipts (issues)	July 1965	August 1965	September 1965	October 1965	November 1965	December 1965	January 1966
Public issues:							
Marketable:							
Treasury bills:							
Regular weekly.....	\$9,150,926,000.00	\$7,354,890,000.00	\$9,730,991,000.00	\$7,717,819,000.00	\$7,693,681,000.00	\$9,944,567,000.00	\$8,308,651,000.00
Tax anticipation.....				4,011,950,000.00	2,513,229,000.00		1,006,646,000.00
Other.....	35,000.00	1,725,983,000.00	873,063,000.00	200,000.00	1,778,883,000.00	951,570,000.00	817,220,000.00
Certificates of indebtedness, regular.....							1,652,194,000.00
Treasury notes.....					3,125,224,000.00	-42,000.00	
Subtotal.....	9,150,961,000.00	9,080,873,000.00	10,604,054,000.00	11,729,969,000.00	15,111,017,000.00	10,896,095,000.00	11,784,711,000.00
Exchanges:							
Treasury bills:							
Regular weekly.....	1,862,593,000.00	1,450,688,000.00	1,282,363,000.00	1,087,769,000.00	1,112,375,000.00	1,073,147,000.00	904,402,000.00
Other.....		274,541,000.00	127,236,000.00		221,645,000.00	49,458,000.00	184,171,000.00
Treasury notes.....	826,000.00	5,153,999,000.00	9,021,000.00	46,079,000.00	6,630,480,000.00	11,811,000.00	17,117,000.00
Treasury bonds.....	127,000.00	1,884,275,000.00	100,000.00				
Subtotal.....	1,863,546,000.00	8,763,501,000.00	1,418,720,000.00	1,133,848,000.00	7,964,500,000.00	1,134,416,000.00	1,105,690,000.00
Total marketable issues.....	11,014,507,000.00	17,844,374,000.00	12,022,774,000.00	12,863,817,000.00	23,075,517,000.00	12,030,511,000.00	12,890,401,000.00
Nonmarketable:							
Certificates of indebtedness:							
Foreign series.....	390,000,000.00	325,000,000.00	325,000,000.00		390,000,000.00	385,000,000.00	140,000,000.00
Foreign currency series.....							295,112,361.76
Depository bonds.....	501,000.00	493,000.00	401,000.00	1,776,000.00	888,000.00	1,057,000.00	98,000.00
Treasury notes, foreign series.....	125,000,000.00			25,000,000.00	75,000,000.00	85,000,000.00	
Treasury bonds:							
Foreign series.....							
Foreign currency series.....	225,611,906.70	119,303,374.78	82,211,844.68	22,466,705.27	49,981,257.02	80,097,204.24	49,930,097.86
REA series.....	160,000.00	455,000.00		50,000.00	126,000.00	165,000.00	15,000.00
U.S. retirement plan bonds.....	112,628.06	141,407.48	93,849.67	171,389.23	317,733.85	1,380,496.54	2,367,420.26
4% Treasury bonds.....						181,881.36	
1% Treasury certificates.....						2,185,619.93	
3.41% Treasury certificates.....							
3.44% Treasury certificates.....	61,782,938.85						
3.45% Treasury certificates.....							
3.54% Treasury certificates.....		61,954,421.20		62,255,575.32		62,607,476.43	62,786,298.82
3.55% Treasury certificates.....							
3.57% Treasury certificates.....					62,427,656.55		
3.784% Treasury certificates.....							
3.867% Treasury certificates.....							
3.983% Treasury certificates.....			21,221,494.18				
4.24% Treasury certificates.....							
4.435% Treasury certificates.....							

Receipts (issues)	February 1966	March 1966	April 1966	May 1966	June 1966	Total fiscal year 1966	Total fiscal year 1965
Public issues:							
Marketable:							
Treasury bills:							
Regular weekly	\$7,939,360,000.00	\$10,155,961,000.00	\$8,109,538,000.00	\$7,752,292,000.00	\$9,565,477,000.00	\$103,424,153,000.00	\$100,061,227,000.00
Tax anticipation						7,531,825,000.00	5,766,996,000.00
Other	875,027,000.00	924,087,000.00		1,613,472,000.00	949,720,000.00	10,509,260,000.00	12,300,204,000.00
Certificates of indebtedness, regular						1,652,194,000.00	
Treasury notes						3,125,182,000.00	6,714,523,000.00
Subtotal	8,814,387,000.00	11,080,048,000.00	8,109,538,000.00	9,365,764,000.00	10,515,197,000.00	126,242,614,000.00	124,842,950,000.00
Exchanges:							
Treasury bills:							
Regular weekly	1,279,614,000.00	1,351,774,000.00	1,098,544,000.00	1,443,961,000.00	1,940,158,000.00	15,887,386,000.00	14,373,976,000.00
Other	125,145,000.00	75,939,000.00		388,467,000.00	51,723,000.00	1,498,325,000.00	709,957,000.00
Treasury notes	9,802,739,000.00	16,866,000.00	53,449,000.00	8,140,277,000.00	2,571,000.00	29,885,235,000.00	15,241,051,000.00
Treasury bonds						1,884,502,000.00	21,108,792,000.00
Subtotal	11,207,498,000.00	1,444,579,000.00	1,151,993,000.00	9,972,705,000.00	1,994,452,000.00	49,155,448,000.00	51,433,776,000.00
Total marketable issues	20,021,885,000.00	12,524,627,000.00	9,261,531,000.00	19,338,469,000.00	12,509,649,000.00	175,398,062,000.00	176,276,726,000.00
Nonmarketable:							
Certificates of indebtedness:							
Foreign series		325,000,000.00	50,000,000.00	50,000,000.00	205,000,000.00	2,585,000,000.00	1,548,000,000.00
Foreign currency series	23,087,756.56		92,635,479.39	49,767,337.70		460,602,935.41	
Depository bonds	99,000.00	137,000.00	44,000.00	134,000.00	191,000.00	5,819,000.00	11,011,500.00
Treasury notes, foreign series		40,000,000.00				350,000,000.00	
Treasury bonds:							
Foreign series							203,929,534.25
Foreign currency series						629,602,390.55	682,408,237.79
REA series	155,000.00	75,000.00	148,000.00	80,000.00	71,000.00	1,500,000.00	4,732,000.00
U.S. retirement plan bonds	118,270.54	68,073.98	126,142.74	125,406.09	297,354.84	5,320,173.28	5,473,170.16
4% Treasury bonds					86,025.14	267,906.50	586,315.06
1% Treasury certificates					2,500,000.00	4,685,619.93	16,317,702.35
3.41% Treasury certificates							120,950,409.63
3.44% Treasury certificates						61,782,938.85	
3.45% Treasury certificates							121,041,652.92
3.54% Treasury certificates						249,603,771.77	152,975,185.32
3.555% Treasury certificates							10,364,308.44
3.570% Treasury certificates						62,427,656.55	
3.784% Treasury certificates							27,487,853.09
3.867% Treasury certificates							10,365,688.18
3.983% Treasury certificates						21,221,494.18	
4.24% Treasury certificates					64,422,517.18	64,422,517.18	
4.435% Treasury certificates					19,013,582.09	19,013,582.09	

Footnotes at end of table.

TABLE 41.—Public debt receipts and expenditures by classes, monthly for fiscal year 1966 and totals for 1965 and 1966—Continued

Receipts (issues)	July 1965	August 1965	September 1965	October 1965	November 1965	December 1965	January 1966
Public issues—Continued							
Nonmarketable—Continued							
3.921% Treasury certificates							
4.01% Treasury certificates							
4.11% Treasury certificates							
4.14% Treasury certificates							
4.26% Treasury certificates						\$21,432,807.21	
4.45% Treasury certificates							
3.50% Treasury certificates			\$62,080,262.36				
4.55% Treasury certificates							
4.630% Treasury certificates							
4.63% Treasury certificates							
U.S. savings bonds:							
Issue price	\$387,548,824.47	\$371,167,445.42	342,268,286.30	\$368,807,543.14	\$337,406,770.49	329,256,327.60	\$472,407,004.40
Accrued discount	147,781,989.18	117,183,916.32	130,254,116.34	113,091,925.21	117,013,278.98	139,698,205.05	150,693,211.53
Exchanges, Series H	19,124,500.00	16,508,000.00	15,211,000.00	16,609,500.00	14,100,000.00	12,655,000.00	22,848,500.00
U.S. savings stamps		1,643,937.55	423,177.90	1,435,898.90		1,724,247.50	3,152,726.60
Total nonmarketable issues	1,357,623,787.26	1,013,850,502.75	979,165,031.43	611,664,532.07	1,047,260,696.89	1,122,441,265.86	1,199,410,621.23
Total public issues	12,372,130,787.26	18,858,224,502.75	13,001,939,031.43	13,475,481,532.07	24,122,777,696.89	13,152,952,265.86	14,089,811,621.23
Special issues:							
Civil service retirement fund	187,413,000.00	199,194,000.00	241,731,000.00	167,234,000.00	184,247,000.00	179,823,000.00	207,493,000.00
Exchange Stabilization Fund	697,913,156.29	728,990,365.22	754,241,379.51	632,655,939.67	491,617,278.84	672,574,103.80	640,295,941.50
Federal Deposit Insurance Corp.		27,500,000.00		106,000,000.00	15,500,000.00	6,000,000.00	58,190,000.00
Federal disability insurance trust fund	30,769,000.00	177,115,000.00	125,053,000.00	40,121,000.00	125,635,000.00	103,990,000.00	34,777,000.00
Federal home loan banks	205,900,000.00	508,200,000.00	515,200,000.00	428,800,000.00	687,200,000.00	576,500,000.00	541,500,000.00
Federal hospital insurance fund							
Federal Housing Administration funds	55,850,000.00	56,000,000.00		30,000,000.00			
Federal old-age and survivors insurance trust fund	423,934,000.00	2,660,348,000.00	1,178,967,000.00	414,657,000.00	1,780,070,000.00	1,092,538,000.00	286,205,000.00
Federal Savings and Loan Insurance Corp.	15,000,000.00	20,000,000.00				18,000,000.00	15,000,000.00
Foreign Service retirement fund	887,000.00	702,000.00	736,000.00	546,000.00	739,000.00	759,000.00	838,000.00
Government life insurance fund						25,500,000.00	
Highway trust fund	332,801,000.00	490,754,000.00	381,945,000.00	313,480,000.00	354,200,000.00	256,500,000.00	259,000,000.00
National service life insurance fund	9,200,000.00	9,973,000.00	8,838,000.00	13,550,000.00	11,635,000.00	10,829,000.00	
Railroad retirement account	13,360,000.00	106,729,000.00	97,119,000.00	13,287,000.00	87,281,000.00	65,009,000.00	32,828,000.00
Unemployment trust fund	68,091,000.00	849,613,000.00	100,047,000.00	42,880,000.00	521,437,000.00	190,207,000.00	82,245,000.00
Veterans' special term insurance fund	2,030,000.00	1,350,000.00	1,651,000.00	1,750,000.00	1,300,000.00	1,280,000.00	2,600,000.00
Veterans' reopened insurance fund	1,705,000.00	1,181,000.00	726,000.00	1,412,000.00	1,150,000.00	1,267,000.00	2,052,000.00
Total special issues	2,044,853,156.29	5,837,649,365.22	3,406,254,379.51	2,206,372,939.67	4,262,011,278.84	3,200,776,103.80	2,163,023,941.50

Receipts (issues)	February 1966	March 1966	April 1966	May 1966	June 1966	Total fiscal year 1966	Total fiscal year 1965
Public issues—Continued							
Nonmarketable—Continued							
3.921% Treasury certificates			\$63,374,590.30			\$63,374,590.30	\$27,435,801.80
4.01% Treasury certificates		\$63,171,860.55				63,171,860.55	
4.11% Treasury certificates	\$62,961,546.56					62,961,546.56	
4.14% Treasury certificates				\$63,579,636.62	\$631,325.53	64,210,962.15	
4.26% Treasury certificates						21,432,807.21	
4.457% Treasury certificates						62,080,262.36	
3.50% Treasury certificates		25,178,655.50	6,203,700.00			31,382,355.50	
4.555% Treasury certificates			1,038,105.40			1,038,105.40	
4.630% Treasury certificates						1,026,511.10	
4.638% Treasury certificates	1,026,511.10						
U.S. savings bonds:							
Issue price	345,039,952.53	456,762,915.81	426,049,458.52	412,213,775.75	396,224,187.35	4,645,151,491.78	4,538,909,847.35
Accrued discount	125,674,271.05	128,094,427.41	119,887,333.89	118,039,541.67	146,302,402.19	1,553,714,618.82	1,516,915,822.39
Exchanges, Series H	14,592,500.00	25,463,000.00	18,820,500.00	21,670,000.00	19,786,500.00	217,389,000.00	192,167,500.00
U.S. savings stamps	1,985,299.15	3,438,597.80		4,026,703.10	1,159,964.65	18,990,548.15	18,916,139.40
Total nonmarketable issues	574,740,107.49	1,067,389,531.05	778,326,310.24	719,636,400.93	855,685,858.97	11,327,194,646.17	9,209,978,673.13
Total public issues	20,596,625,107.49	13,592,016,531.05	10,039,857,310.24	20,058,105,400.93	13,365,334,858.97	186,725,256,646.17	185,486,704,673.13
Special issues:							
Civil service retirement fund	190,931,000.00	203,651,000.00	178,233,000.00	183,514,000.00	2,153,157,000.00	4,276,621,000.00	4,543,890,000.00
Exchange Stabilization Fund	661,797,858.72	788,876,440.38	921,153,288.65	1,056,578,314.05	880,795,947.86	8,927,490,014.49	8,618,861,486.35
Federal Deposit Insurance Corp.	98,581,000.00		3,000,000.00	14,000,000.00		328,771,000.00	280,271,000.00
Federal disability insurance trust fund	223,320,000.00	155,752,000.00	75,239,000.00	327,057,000.00	392,218,000.00	1,811,046,000.00	1,450,588,000.00
Federal home loan banks	286,000,000.00	728,000,000.00	671,500,000.00	628,000,000.00	1,034,500,000.00	6,811,300,000.00	2,697,400,000.00
Federal hospital insurance fund	149,709,000.00	143,001,000.00	55,001,000.00	250,228,000.00	1,021,883,000.00	1,619,822,000.00	
Federal Housing Administration funds						141,850,000.00	117,918,000.00
Federal old-age and survivors insurance trust fund	2,466,121,000.00	1,530,785,000.00	723,973,000.00	3,932,269,000.00	4,923,829,000.00	21,413,696,000.00	18,833,615,000.00
Federal Savings and Loan Insurance Corp.	21,000,000.00	9,000,000.00	7,000,000.00	19,000,000.00	152,000,000.00	276,000,000.00	285,000,000.00
Foreign service retirement fund	709,000.00	643,000.00	772,000.00	807,000.00	42,317,000.00	50,455,000.00	48,876,000.00
Government life insurance fund					77,986,000.00	103,486,000.00	46,475,000.00
Highway trust fund	292,551,000.00	302,100,000.00	285,900,000.00	363,073,000.00	567,063,000.00	4,199,367,000.00	3,885,195,000.00
National service life insurance fund					599,264,000.00	663,289,000.00	614,471,000.00
Railroad retirement account	65,688,000.00	122,190,000.00	12,861,000.00	116,539,000.00	1,120,433,000.00	1,853,324,000.00	1,785,802,000.00
Unemployment trust fund	814,949,000.00	121,411,000.00	69,433,000.00	1,044,624,000.00	7,156,650,000.00	11,061,587,000.00	9,902,341,000.00
Veterans' special term insurance fund	1,602,000.00	1,100,000.00	2,351,000.00	1,415,000.00	170,169,000.00	188,598,000.00	171,336,000.00
Veterans' reopened insurance fund	1,251,000.00	1,987,000.00	2,316,000.00	3,754,000.00	22,059,000.00	40,860,000.00	4,505,000.00
Total special issues	5,274,209,858.72	4,108,496,440.38	3,008,732,288.65	7,940,858,314.05	20,314,323,947.86	63,767,562,014.49	53,286,544,486.35

Footnotes at end of table.

TABLE 41.—Public debt receipts and expenditures by classes, monthly for fiscal year 1966 and totals for 1965 and 1966—Continued

Receipts (issues) and Expenditures (retirements)	July 1965	August 1965	September 1965	October 1965	November 1965	December 1965	January 1966
RECEIPTS (ISSUES)							
Other issues:							
International Monetary Fund notes.....	\$300,000,000.00		\$60,000,000.00				\$102,000,000.00
International Development Association notes.....							
U.N. Children's Fund bonds.....							
U.N. Special Fund bonds.....	3,325,938.00						
U.N./FAO World Food Program bonds.....							
Total other issues.....	303,325,938.00		60,000,000.00				102,000,000.00
Total public debt receipts.....	14,720,309,881.55	\$24,695,873,867.97	16,468,193,410.94	\$15,681,854,471.74	\$28,384,788,975.73	\$16,353,728,369.66	16,354,835,562.73
EXPENDITURES (RETIREMENTS)							
Public issues:							
Marketable:							
Treasury bills:							
Regular weekly.....	9,139,030,000.00	7,101,675,000.00	7,398,596,000.00	7,742,286,000.00	7,453,743,000.00	9,881,792,000.00	7,741,132,000.00
Tax anticipation.....	43,627,000.00	832,000.00	484,000.00		90,000.00	30,000.00	
Other.....	11,525,000.00	1,992,900,000.00	3,189,664,000.00	20,764,000.00	1,981,769,000.00	1,004,123,000.00	997,198,000.00
Certificates of indebtedness:							
Regular.....	4,000.00	1,000.00	4,000.00	10,000.00	4,000.00	1,000.00	8,000.00
Treasury notes.....	6,239,200.00	232,593,500.00	6,224,000.00	316,555,000.00	3,077,443,600.00	13,009,000.00	5,559,500.00
Treasury bonds.....	31,693,000.00	27,610,000.00	29,730,850.00	21,298,050.00	30,434,650.00	31,709,250.00	30,723,650.00
Other.....	10,234.25	6,303.25	13,659.00	3,369.50	6,345.75	42,998.75	15,124.75
Subtotal.....	9,232,128,434.25	9,355,617,803.25	10,624,716,509.00	8,100,916,419.50	12,543,490,595.75	10,930,707,248.75	8,774,636,274.75
Exchanges:							
Treasury bills:							
Regular weekly.....	1,862,593,000.00	1,450,686,000.00	1,282,363,000.00	1,087,769,000.00	1,112,375,000.00	1,073,147,000.00	904,402,000.00
Other.....		274,541,000.00	127,236,000.00		221,645,000.00	49,468,000.00	184,171,000.00
Treasury certificates, regular.....							
Treasury notes.....	127,000.00	7,034,962,000.00	100,000.00		6,622,992,000.00	42,000.00	
Treasury bonds.....							
Subtotal.....	1,862,720,000.00	8,760,189,000.00	1,409,699,000.00	1,087,769,000.00	7,957,012,000.00	1,122,647,000.00	1,088,573,000.00
Total marketable issues.....	11,094,848,434.25	18,115,806,803.25	12,034,415,509.00	9,188,685,419.50	20,500,502,595.75	12,053,354,248.75	9,863,209,274.75
Nonmarketable:							
Adjusted service bonds.....	5,550.00	9,000.00	5,350.00	10,300.00	7,900.00	10,750.00	12,450.00
Armed Forces leave bonds.....	38,800.00	38,075.00	43,625.00	40,175.00	43,525.00	33,850.00	29,800.00
Treasury notes, foreign series.....	125,000,000.00			25,000,000.00			
1% Treasury certificates.....						6,191,254.40	
4% Treasury bonds.....							

Receipts (issues) and Expenditures (retirements)	February 1966	March 1966	April 1966	May 1966	June 1966	Total fiscal year 1966	Total fiscal year 1965
RECEIPTS (ISSUES)							
Other issues:							
International Monetary Fund notes		\$60,000,000.00	\$30,000,000.00	\$30,000,000.00		\$582,000,000.00	\$428,000,000.00
International Development Association notes							57,652,200.00
U.N. Children's Fund bonds							6,834,130.00
U.N. Special Fund bonds						3,325,938.00	19,072,585.00
U.N./FAO World Food Program bonds							1,361,904.00
Total other issues		60,000,000.00	30,000,000.00	30,000,000.00		585,325,938.00	512,920,819.00
Total public debt receipts	\$25,870,834,966.21	17,760,512,971.43	13,078,589,598.89	28,028,963,714.98	\$33,679,658,806.83	251,078,144,598.66	239,286,169,978.48
EXPENDITURES (RETIREMENTS)							
Public issues:							
Marketable:							
Treasury bills:							
Regular weekly	7,394,915,000.00	7,377,648,000.00	8,128,392,000.00	7,382,344,000.00	7,210,615,000.00	93,952,168,000.00	96,501,292,000.00
Tax anticipation	3,004,125,000.00	3,004,125,000.00	3,075,000.00	2,077,000.00	4,441,583,000.00	7,495,923,000.00	5,742,321,000.00
Other	1,000,189,000.00	3,197,794,000.00	24,475,000.00	1,988,196,000.00	3,291,520,000.00	18,700,117,000.00	12,909,898,000.00
Certificates of indebtedness:							
Regular	3,000.00	10,000.00	1,000.00		20,000.00	66,000.00	732,500.00
Treasury notes	342,258,000.00	16,065,500.00	153,154,000.00	799,744,000.00	5,843,000.00	4,974,688,300.00	5,682,482,050.00
Treasury bonds	25,941,600.00	35,850,950.00	45,030,350.00	402,353,400.00	127,390,400.00	839,766,150.00	2,011,342,350.00
Other	5,936.75	9,551.00	6,097.50	5,720.00	4,968.00	130,308.50	215,969.50
Subtotal	8,763,312,536.75	13,631,503,001.00	8,354,133,447.50	10,574,720,120.00	15,076,976,368.00	125,962,858,758.50	122,848,283,869.50
Exchanges:							
Treasury bills:							
Regular weekly	1,279,614,000.00	1,351,774,000.00	1,098,544,000.00	1,443,961,000.00	1,940,158,000.00	15,887,386,000.00	14,373,976,000.00
Other	125,145,000.00	75,939,000.00		388,467,000.00	51,723,000.00	1,498,325,000.00	709,957,000.00
Treasury certificates, regular							—3,000.00
Treasury notes	8,807,158,000.00	5,603,000.00	741,000.00	7,484,164,000.00	—817,000.00	29,955,072,000.00	31,025,023,000.00
Treasury bonds	990,479,000.00	—6,090,000.00	—711,000.00	646,579,000.00	822,000.00	1,631,079,000.00	5,086,270,000.00
Subtotal	11,202,396,000.00	1,427,226,000.00	1,098,574,000.00	9,963,171,000.00	1,991,886,000.00	48,971,862,000.00	51,195,223,000.00
Total marketable issues	19,965,708,536.75	15,058,729,001.00	9,452,707,447.50	20,537,891,120.00	17,068,862,368.00	174,934,720,758.50	174,043,506,869.50
Nonmarketable:							
Adjusted service bonds	4,350.00	14,200.00	9,700.00	11,050.00	10,150.00	110,750.00	142,200.00
Armed Forces leave bonds	38,950.00	89,400.00	56,425.00	41,450.00	—250.00	493,825.00	582,700.00
Treasury notes, foreign series		383,653.00		6,424,797.82	5,156,372.96	161,964,823.78	1,820,296.06
1% Treasury certificates					2,465,469.40	8,650,723.80	17,613,225.10
4% Treasury bonds				4,974,692.50		4,974,692.50	11,892,247.04
Footnotes at end of table.							

TABLE 41.—Public debt receipts and expenditures by classes, monthly for fiscal year 1966 and totals for 1965 and 1966—Continued

Expenditures (retirements)	July 1965	August 1965	September 1965	October 1965	November 1965	December 1965	January 1966
Public issues—Continued							
Nonmarketable—Continued							
3.41% Treasury certificates		\$61,782,938.85					
3.44% Treasury certificates							
3.45% Treasury certificates							
3.479% Treasury certificates							
3.50% Treasury certificates				\$62,080,262.36			
3.54% Treasury certificates	\$61,606,974.14		\$61,954,421.20		\$62,255,575.32		\$62,607,476.43
3.55% Treasury certificates						\$62,427,656.55	
3.570% Treasury certificates							
3.784% Treasury certificates		6,465,237.90	21,022,620.19				
3.83% Treasury certificates							
3.86% Treasury certificates							
3.921% Treasury certificates							
3.983% Treasury certificates						21,221,494.18	
4.01% Treasury certificates							
4.11% Treasury certificates							
4.14% Treasury certificates							
4.26% Treasury certificates							
4.457% Treasury certificates							962,153.12
4.555% Treasury certificates							
4.638% Treasury certificates							
Certificates of indebtedness:							
Foreign series	603,000,000.00	380,000,000.00	145,000,000.00	10,000,000.00	305,000,000.00	490,000,000.00	185,000,000.00
Foreign currency series							
Depository bonds	9,343,000.00	2,312,000.00	1,489,000.00	694,000.00	1,040,000.00	725,000.00	1,647,000.00
Excess profits tax refund bonds	46.70	7,791.42	620.43	5,766.10	108.13	206.48	32,526.66
Treasury bonds:							
Foreign series					30,000,000.00		
Foreign currency series	103,167,131.54	119,748,969.20	82,180,480.21	72,781,031.85	50,319,529.01	80,445,595.01	345,431,890.77
Investment series	10,000.00	30,000.00	153,000.00	376,080,000.00	2,083,000.00	1,680,000.00	141,000.00
REA series	163,000.00			310,000.00	600,000.00	394,000.00	610,000.00
Treasury tax and savings notes	3,400.00	1,650.00	100.00	200.00	4,050.00	10,525.00	2,425.00
U.S. retirement plan bonds	20,851.76	12,719.85	12,121.63	23,207.38	6,232.19	15,932.78	52,517.85
U.S. savings bonds:							
Matured:							
Issue price	92,370,836.00	116,797,688.25	92,479,885.50	88,838,547.00	99,784,656.50	82,087,608.75	114,554,179.50
Accrued discount	53,623,652.84	67,811,416.14	51,228,726.80	49,939,093.57	56,428,654.59	46,612,266.70	64,143,611.73
Series H	5,084,000.00	14,199,500.00	15,439,500.00	22,793,500.00	17,530,000.00	15,805,000.00	16,264,000.00
Unmatured:							
Issue price	218,550,774.72	297,852,197.12	246,523,035.91	248,512,423.64	269,118,974.68	224,070,156.03	285,782,986.95
Accrued discount	14,109,251.86	18,208,193.53	14,387,853.90	14,190,876.38	15,713,377.54	12,567,594.70	15,426,948.07
Exchanges:							
Series E, F, and J, for Series H:							
Issue price	8,805,361.53	13,295,713.38	9,741,783.59	8,780,982.11	12,340,114.32	8,643,947.22	9,786,873.30

Expenditures (retirements)	February 1966	March 1966	April 1966	May 1966	June 1966	Total fiscal year 1966	Total fiscal year 1965
Public Issues—Continued							
Nonmarketable—Continued							
3.41% Treasury certificates							\$120,905,227.51
3.44% Treasury certificates						\$61,782,938.85	
3.45% Treasury certificates							121,086,835.04
3.47% Treasury certificates						10,274,942.13	
3.50% Treasury certificates						62,080,262.36	
3.54% Treasury certificates						248,424,447.09	91,368,211.18
3.55% Treasury certificates							10,364,308.44
3.57% Treasury certificates						62,427,666.55	
3.784% Treasury certificates						27,487,858.09	
3.83% Treasury certificates	\$62,786,298.82					62,786,298.82	
3.86% Treasury certificates							10,355,688.18
3.821% Treasury certificates							27,435,801.80
3.983% Treasury certificates						21,221,494.18	
4.01% Treasury certificates				\$63,374,500.30		63,374,500.30	
4.11% Treasury certificates			\$63,171,860.55			63,171,860.55	
4.14% Treasury certificates		\$62,961,546.56				62,961,546.56	
4.26% Treasury certificates					\$64,210,962.15	64,210,962.15	
4.457% Treasury certificates		20,470,654.09				21,432,807.21	
4.55% Treasury certificates			3,843,061.91	894,070.28		25,178,655.50	
4.638% Treasury certificates			1,026,511.10		20,441,523.31	1,026,511.10	
Certificates of indebtedness:							
Foreign series	100,000,000.00	325,000,000.00	140,000,000.00		375,000,000.00	3,058,000,000.00	1,010,000,000.00
Foreign currency series			92,637,097.37			92,637,097.37	30,120,481.92
Depository bonds	388,000.00	163,000.00	543,000.00	1,956,000.00	1,271,000.00	21,571,000.00	54,647,500.00
Excess profits tax refund bonds	179.65	214.59	2,412.50	422.28	903.18	51,198.12	11,745.44
Treasury bonds:							
Foreign series						30,000,000.00	
Foreign currency series	73,456,185.30	50,314,465.41	75,469,264.17	73,496,495.15	50,289,162.69	1,177,100,200.31	347,511,533.84
Investment series	49,000.00	90,000.00	33,000.00	270,000.00		238,000.00	50,916,000.00
REA series	350,000.00	670,000.00	34,000.00	835,000.00	164,000.00	4,130,000.00	3,503,000.00
Treasury tax and savings notes	5,350.00	29,775.00	5,875.00	2,500.00	2,200.00	68,050.00	58,200.00
U.S. retirement plan bonds	24,783.43	33,336.20	35,777.14	3,473.88	42,724.78	283,678.87	124,729.93
U.S. savings bonds:							
Matured:							
Issue price	97,908,549.00	176,423,519.25	134,040,044.00	122,534,705.75	116,339,864.50	1,334,160,084.00	1,318,925,821.25
Accrued discount	47,537,532.82	97,789,007.63	69,744,030.18	59,139,733.49	56,721,646.38	720,719,372.87	692,389,600.17
Series H	15,353,500.00	19,309,000.00	22,313,000.00	16,999,000.00	16,861,500.00	197,951,500.00	172,794,500.00
Unmatured:							
Issue price	150,285,727.62	331,982,643.18	314,692,212.21	262,097,454.99	258,117,305.27	3,107,585,892.32	3,096,304,624.28
Accrued discount	9,449,325.90	23,186,391.06	19,511,143.15	15,542,337.13	14,831,329.51	187,124,622.73	183,176,631.56
Exchanges:							
Series E, F, and J, for series H:							
Issue price	5,285,149.63	15,088,963.07	16,561,452.79	11,252,894.51	12,672,811.98	132,256,047.43	131,275,961.22

Footnotes at end of table.

TABLE 41.—Public debt receipts and expenditures by classes, monthly for fiscal year 1966 and totals for 1965 and 1966—Continued

Expenditures (retirements)	July 1965	August 1965	September 1965	October 1965	November 1965	December 1965	January 1966
Public Issues—Continued							
Nonmarketable—Continued							
U.S. savings bonds—Continued							
Exchanges—Continued							
Accrued discount.....	\$4,984,595.92	\$7,571,532.76	\$5,436,036.41	\$4,837,648.95	\$6,947,765.11	\$4,915,795.96	\$5,599,635.77
Unclassified: ²							
Cash.....	78,317,985.30	—59,615,084.87	30,428,861.08	—19,372,033.31	—62,517,438.53	39,159,720.09	156,229,232.20
Exchanges:							
Series E, F, and J, for							
Series H.....	5,334,542.55	—4,359,246.14	33,180.00	2,990,868.94	—5,187,879.43	—904,743.18	7,461,990.93
U.S. savings stamps.....	1,598,378.15	1,195,363.20	950,924.95	947,007.30	1,078,585.10	1,370,895.05	1,748,416.90
Subtotal.....	1,385,138,133.01	1,043,365,655.59	778,511,126.80	969,483,857.27	862,596,729.53	1,097,484,505.72	1,273,527,115.18
Exchanges:							
Treasury bonds, investment series.....	826,000.00	3,312,000.00	9,021,000.00	46,079,000.00	7,488,000.00	11,769,000.00	17,117,000.00
Total nonmarketable issues.....	1,385,964,133.01	1,046,677,655.59	787,532,126.80	1,015,562,857.27	870,084,729.53	1,109,253,505.72	1,290,644,115.18
Total public issues.....	12,480,812,567.26	19,162,484,458.84	12,821,947,635.80	10,204,248,276.77	21,370,587,325.28	13,162,607,754.47	11,153,853,389.93
Special issues:							
Civil service retirement fund.....	122,000,000.00	319,908,000.00	261,595,000.00	133,000,000.00	164,754,000.00	140,111,000.00	143,777,000.00
Exchange Stabilization Fund.....	343,460,300.77	657,408,599.49	942,052,929.44	560,291,744.20	622,476,282.08	597,529,982.94	618,956,430.29
Federal Deposit Insurance Corp.		209,710,000.00	36,277,000.00		50,000,000.00	1,500,000.00	1,500,000.00
Federal disability insurance trust fund.....	130,000,000.00	129,500,000.00	228,400,000.00	145,500,000.00	151,646,000.00	255,139,000.00	164,236,000.00
Federal home loan banks.....	247,300,000.00	234,600,000.00	641,900,000.00	417,300,000.00	439,200,000.00	749,000,000.00	759,000,000.00
Federal hospital insurance fund.....							
Federal Housing Administration funds.....	163,490,000.00		10,000,000.00		103,563,000.00		
Federal old-age and survivors insurance trust fund.....	1,335,000,000.00	1,365,000,000.00	2,298,000,000.00	1,440,000,000.00	1,546,938,000.00	1,688,817,000.00	1,785,318,000.00
Federal Savings and Loan Insurance Corp.....		135,909,000.00		24,315,000.00	54,000,000.00		
Foreign service retirement fund.....	732,000.00	712,000.00	734,000.00	749,000.00	782,000.00	716,000.00	867,000.00
Government life insurance fund.....	2,924,000.00	4,962,000.00	1,985,000.00	2,965,000.00	3,938,000.00	2,946,000.00	5,883,000.00
Highway trust fund.....	320,750,000.00	513,880,000.00	428,901,000.00	372,105,000.00	502,914,000.00	256,524,000.00	216,229,000.00
National service life insurance fund.....	176,000.00		1,066,000.00	44,000.00	35,000.00	4,074,000.00	3,583,000.00
Railroad retirement account.....	95,772,000.00	112,484,000.00	98,185,000.00	102,289,000.00	106,088,000.00	99,523,000.00	106,218,000.00
Unemployment trust fund.....	143,977,000.00	162,471,000.00	168,420,000.00	119,717,000.00	410,405,000.00	202,107,000.00	256,264,000.00
Veterans' special term insurance fund.....							
Veterans' reopened insurance fund.....							
Total special issues.....	2,905,581,300.77	3,846,544,599.49	5,117,515,929.44	3,318,275,744.20	4,166,739,282.08	3,997,986,982.94	4,061,831,430.29

Expenditures (retirements)	February 1966	March 1966	April 1966	May 1966	June 1966	Total fiscal year 1966	Total fiscal year 1965
Public Issues—Continued							
Nonmarketable—Continued							
U.S. savings bonds—Continued							
Exchanges—Continued							
Accrued discount.....	\$3,091,759.47	\$8,619,968.11	\$9,442,819.96	\$6,578,386.38	\$7,233,460.14	\$75,259,404.94	\$70,194,126.48
Unclassified: 2							
Cash.....	139,051,956.56	—105,464,239.66	—47,833,932.41	—4,856,222.51	27,976,206.11	171,505,010.05	—121,445,476.48
Exchanges:							
Series E, F, and J, for							
Series H.....	6,215,590.90	1,754,068.82	—7,183,772.75	3,838,719.11	—119,772.12	9,873,547.63	—9,302,587.70
U.S. savings stamps.....	1,226,629.75	1,889,455.35	1,764,144.09	1,863,288.51	2,291,468.67	17,924,557.02	17,802,001.15
Subtotal.....	712,508,818.85	1,030,799,021.66	909,919,125.96	647,274,839.57	1,032,218,038.91	11,742,826,968.05	7,472,850,075.54
Exchanges:							
Treasury bonds, investment series.....	5,102,000.00	17,353,000.00	53,419,000.00	9,534,000.00	2,566,000.00	183,586,000.00	238,553,000.00
Total nonmarketable issues.....	717,610,818.85	1,048,152,021.66	963,338,125.96	656,808,839.57	1,034,784,038.91	11,926,412,968.05	7,711,403,075.54
Total public issues.....	20,683,319,355.60	16,106,881,022.66	10,416,045,573.46	21,194,699,959.57	18,103,646,406.91	186,861,133,726.55	181,754,909,945.04
Special issues:							
Civil service retirement fund.....	303,399,000.00	157,912,000.00	147,045,000.00	152,753,000.00	1,619,971,000.00	3,666,225,000.00	3,498,422,000.00
Exchange Stabilization Fund.....	614,158,591.65	783,780,787.25	654,042,854.94	1,100,585,306.88	1,104,167,053.61	8,598,910,863.54	8,679,120,461.56
Federal Deposit Insurance Corp.	150,973,000.00			124,089,000.00		584,049,000.00	238,182,000.00
Federal disability insurance trust fund.....	155,157,000.00	152,412,000.00	150,807,000.00	155,427,000.00	405,881,000.00	2,224,105,000.00	1,790,479,000.00
Federal home loan banks.....	172,000,000.00	534,500,000.00	949,500,000.00	287,500,000.00	585,500,000.00	5,987,300,000.00	2,678,400,000.00
Federal hospital insurance fund.....	289,000.00	288,000.00	266,000.00	282,000.00	832,939,000.00	834,064,000.00	
Federal Housing Administration funds.....						277,053,000.00	31,803,000.00
Federal old-age and survivors insurance trust fund.....	1,578,380,000.00	1,588,807,000.00	1,593,454,000.00	1,610,234,000.00	4,441,572,000.00	22,271,520,000.00	18,371,755,000.00
Federal Savings and Loan Insurance Corp.	24,940,000.00			49,557,000.00	52,000,000.00	340,721,000.00	329,672,000.00
Foreign service retirement fund.....	753,000.00	739,000.00	763,000.00	831,000.00	40,933,000.00	49,311,000.00	47,346,000.00
Government life insurance fund.....	3,903,000.00	5,878,000.00	4,857,000.00	6,758,000.00	52,271,000.00	99,270,000.00	68,861,000.00
Highway trust fund.....	265,708,000.00	286,415,000.00	232,466,000.00	301,969,000.00	529,137,000.00	4,226,998,000.00	4,228,829,000.00
National Service Life Insurance fund.....	5,153,000.00	9,004,000.00	8,516,000.00	9,066,000.00	418,599,000.00	459,316,000.00	488,706,000.00
Railroad retirement account.....	105,401,000.00	104,160,000.00	105,281,000.00	105,195,000.00	558,861,000.00	1,699,457,000.00	1,631,332,000.00
Unemployment trust fund.....	468,912,000.00	307,258,000.00	198,385,000.00	180,292,000.00	7,167,704,000.00	9,785,912,000.00	9,033,833,000.00
Veterans' special term insurance fund.....		220,000.00	973,000.00	864,000.00	166,057,000.00	168,114,000.00	145,375,000.00
Veterans' reopened insurance fund.....				1,658,000.00	23,035,000.00	24,693,000.00	1,900,000.00
Total special issues.....	3,849,126,591.65	3,931,373,787.25	4,046,355,854.94	4,057,060,306.88	17,998,627,053.61	61,297,018,863.54	51,264,015,461.56

Footnotes at end of table.

TABLE 41.—Public debt receipts and expenditures by classes, monthly for fiscal year 1966 and totals for 1965 and 1966—Continued

Expenditures (retirements)	July 1965	August 1965	September 1965	October 1965	November 1965	December 1965	January 1966
Other issues:							
International Monetary Fund notes.....	\$5,000,000.00	\$28,000,000.00	-----	\$5,000,000.00	\$19,000,000.00	-----	\$14,000,000.00
International Development Association notes.....	-----	-----	\$20,000,000.00	-----	18,000,000.00	-----	18,000,000.00
Inter-American Development Bank notes.....	-----	-----	-----	-----	-----	-----	7,500,000.00
U.N. Special Fund bonds.....	20,000,000.00	-----	-----	-----	-----	-----	-----
U.N./FAO World Food Program bonds.....	500,000.00	-----	1,000,000.00	-----	-----	\$361,904.00	-----
Other.....	678,280.00	410,715.00	245,930.50	487,167.85	402,603.50	119,461.00	573,888.00
Total other issues.....	26,178,280.00	28,410,715.00	21,245,930.50	5,487,167.85	37,402,603.50	481,365.00	40,073,888.00
Total public debt expenditures..	15,412,572,148.03	23,037,439,773.33	17,960,709,495.74	13,528,011,188.82	25,574,729,210.86	17,161,076,102.41	15,255,758,708.22
Excess of receipts, or expenditures (—).....	—692,262,266.48	1,658,434,094.64	—1,492,516,084.80	2,153,843,282.92	2,810,059,764.87	—807,347,732.75	1,099,076,854.51
Expenditures (retirements)	February 1966	March 1966	April 1966	May 1966	June 1966	Total fiscal year 1966	Total fiscal year 1965
Other issues:							
International Monetary Fund notes.....	\$10,000,000.00	\$16,000,000.00	\$25,000,000.00	-----	\$13,000,000.00	\$135,000,000.00	\$550,000,000.00
International Development Association notes.....	-----	18,000,000.00	-----	-----	-----	74,000,000.00	61,913,200.00
Inter-American Development Bank notes.....	-----	-----	7,000,000.00	-----	4,000,000.00	18,500,000.00	-----
U.N. Special Fund bonds.....	20,061,834.00	-----	-----	-----	-----	40,061,834.00	15,079,403.00
U.N./FAO World Food Program bonds.....	250,000.00	-----	-----	\$250,000.00	-----	2,361,904.00	1,000,000.00
Other.....	171,807.00	591,045.88	156,675.00	432,020.00	12,609,865.00	16,879,458.73	78,252,242.54
Total other issues.....	30,483,641.00	34,591,045.88	32,156,675.00	682,020.00	29,609,865.00	* 286,803,196.73	706,244,845.54
Total public debt expenditures..	24,562,929,588.25	20,072,845,855.79	14,494,558,103.40	25,252,442,286.45	36,131,883,325.52	248,444,955,786.82	233,725,170,252.14
Excess of receipts, or expenditures (—).....	1,307,905,377.96	—2,312,332,884.36	—1,415,968,504.51	2,776,521,428.53	—2,452,224,518.69	2,633,188,811.84	5,560,999,726.34

¹ Includes \$1,000,860,000 of 10 series of weekly bills issued in a strip on July 29, 1964.
² Redemptions (all series) not yet classified as between matured and unmatured or as between issue price and accrued discount.

³ Includes the following amounts determined by the Secretary of the Treasury, pursuant to legislation (31 U.S.C. 915(c)), to have been destroyed or irretrievably

lost and so will never be presented for redemption: Federal Reserve bank notes, \$63,000; national bank notes, \$420,000; United States notes, \$142,000; Treasury notes of 1890, \$31,000; gold certificates prior to Series of 1934, \$8,950,000; Federal Reserve notes prior to Series of 1928, \$2,450,000; and silver certificates issued before Jan. 30, 1934, \$280,000.

TABLE 42.—Public debt increases and decreases, and balances in the account of the Treasurer of the United States, fiscal years 1916–66

[In millions of dollars. On basis of daily Treasury statements, see "Bases of Tables"]

Fiscal year	Public debt outstanding at end of year	Increase, or decrease (—), during year	Analysis of increase or decrease			Balance in Treasurer's account at end of year
			Excess of expenditures (+), or receipts (—)	Increase (+), or decrease (—), in the balance in Treasurer's account	Decreases due to statutory debt retirements ¹	
1916.....	1,225.1	33.8	-48.5	+82.3	-----	240.4
1917.....	2,975.6	1,750.5	+853.4	+897.1	-----	1,137.5
1918.....	12,455.2	9,479.6	+9,033.3	+447.5	1.1	1,585.0
1919.....	25,484.5	13,029.3	+13,370.6	-333.3	8.0	1,251.7
1920.....	24,299.3	-1,185.2	-212.5	-894.0	78.7	357.7
1921.....	23,977.5	-321.9	-86.7	+192.0	427.1	549.7
1922.....	22,963.4	-1,014.1	-313.8	-277.6	422.7	272.1
1923.....	22,349.7	-613.7	-309.7	+98.8	402.9	370.9
1924.....	21,250.8	-1,098.9	-505.4	-135.5	458.0	235.4
1925.....	20,516.2	-734.6	-250.5	-17.6	466.5	217.8
1926.....	19,643.2	-873.0	-377.8	-7.8	487.4	210.0
1927.....	18,511.9	-1,131.3	-635.8	+24.1	519.6	234.1
1928.....	17,604.3	-907.6	-398.8	+31.5	540.3	265.5
1929.....	16,931.1	-673.2	-184.8	+61.2	549.6	326.7
1930.....	16,185.3	-745.8	-183.8	-8.1	553.9	318.6
1931.....	16,801.3	616.0	+902.7	+153.3	440.1	471.9
1932.....	19,487.0	2,685.7	+3,153.1	-54.7	412.6	417.2
1933.....	22,538.7	3,051.7	+3,068.3	+445.0	461.8	862.2
1934.....	27,053.1	4,514.5	+3,154.6	+1,719.7	359.9	2,581.9
1935.....	28,700.9	1,647.8	+2,961.9	-740.6	573.6	1,841.3
1936.....	33,778.5	5,077.7	+4,640.7	+840.2	403.2	2,681.5
1937.....	36,424.6	2,646.1	+2,878.1	-128.0	104.0	2,553.5
1938.....	37,164.7	740.1	+1,143.1	-337.6	65.5	2,215.9
1939.....	40,439.5	3,274.8	+2,710.7	+622.3	58.2	2,838.2
1940.....	42,967.5	2,528.0	+3,604.7	-947.5	129.2	1,890.7
1941.....	48,961.4	5,993.9	+5,315.7	+742.4	64.3	2,633.2
1942.....	72,422.4	23,461.0	+23,197.8	+358.0	94.7	2,991.1
1943.....	136,696.1	64,273.6	+57,761.7	+6,515.4	3.5	9,506.6
1944.....	201,003.4	64,307.3	+53,645.3	+10,662.0	(*)	20,168.6
1945.....	258,682.2	57,678.8	+53,149.6	+4,529.2	(*)	24,697.7
1946.....	269,422.1	10,739.9	+21,199.8	-10,459.8	(*)	14,237.9
1947.....	258,286.4	-11,135.7	-206.0	-10,929.7	-----	3,308.1
1948.....	252,292.2	-5,994.1	-6,606.4	+1,623.9	1,011.6	4,932.0
1949.....	252,770.4	478.1	+1,947.5	-1,461.6	7.8	3,470.4
1950.....	257,357.4	4,587.0	+2,592.0	+2,046.7	51.7	5,517.1
1951.....	255,222.0	-2,135.4	-3,973.6	+1,839.5	1.2	7,356.6
1952.....	259,105.2	3,883.2	+4,271.8	-387.8	.9	6,908.8
1953.....	266,071.1	6,965.9	+9,265.0	-2,298.6	.5	4,670.2
1954.....	271,259.6	5,188.5	+3,092.7	+2,096.2	.4	6,766.5
1955.....	274,374.2	3,114.6	+3,665.6	-550.8	.2	6,215.7
1956.....	272,750.8	-1,623.4	-1,190.8	+330.5	763.1	6,546.2
1957.....	270,527.2	-2,223.6	-1,267.3	-956.2	.1	5,590.0
1958.....	276,343.2	5,816.0	+1,636.9	+4,159.2	-----	9,749.1
1959.....	284,705.9	8,362.7	+12,751.4	-4,398.7	.1	5,350.4
1960.....	286,330.8	1,624.9	-1,029.5	+2,654.3	-----	8,004.7
1961.....	288,970.9	2,640.2	+4,950.8	-1,310.6	1,000.0	6,694.1
1962.....	298,200.8	9,229.9	+5,494.6	+3,736.3	1.0	10,430.4
1963.....	305,859.6	7,658.8	+6,031.0	+1,685.8	58.0	12,118.2
1964.....	311,712.9	5,853.3	+6,933.7	-1,080.4	-----	11,035.7
1965.....	317,273.9	5,561.0	+4,059.6	+1,574.5	73.1	12,610.3
1966.....	319,907.1	2,633.2	+2,848.4	-202.9	12.3	12,407.4
Total.....	-----	318,715.7	+317,534.5	+12,249.2	11,068.0	-----

*Less than \$50,000.

¹Effective with the fiscal year 1948, statutory debt retirements have been excluded from administrative budget expenditures; they are shown here for purposes of comparison.²Adjustment for overstatement of price paid for securities purchased in fiscal 1956 at a discount but previously stated at par value.

TABLE 43.—Changes in public debt issues, fiscal year 1966

[On basis of Public Debt accounts, see "Bases of Tables"]

Issues	Outstanding June 30, 1965	Issues during year	Redemptions dur- ing year	Transferred to matured debt	Outstanding June 30, 1966 ¹
INTEREST-BEARING DEBT					
Public issues					
Marketable:					
Treasury bills, series maturing: ²					
Regular weekly:					
July 1, 1965.....	\$2,202,143,000.00		\$2,202,143,000.00		
July 8, 1965.....	2,205,181,000.00		2,205,071,000.00	\$110,000.00	
July 15, 1965.....	2,201,735,000.00		2,201,735,000.00		
July 22, 1965.....	2,202,615,000.00		2,202,663,000.00	52,000.00	
July 29, 1965.....	2,204,331,000.00		2,204,331,000.00		
Other:					
July 31, 1965.....	1,000,462,000.00		1,000,459,000.00	3,000.00	
Regular weekly:					
Aug. 5, 1965.....	2,204,116,000.00		2,204,103,000.00	13,000.00	
Aug. 12, 1965.....	2,202,205,000.00		2,202,205,000.00		
Aug. 19, 1965.....	2,201,249,000.00		2,201,233,000.00	16,000.00	
Aug. 26, 1965.....	2,203,046,000.00		2,203,020,000.00	26,000.00	
Other:					
Aug. 31, 1965.....	1,000,439,000.00		1,000,364,000.00	75,000.00	
Regular weekly:					
Sept. 2, 1965.....	2,202,651,000.00		2,202,651,000.00		
Sept. 9, 1965.....	2,200,609,000.00		2,200,609,000.00		
Sept. 16, 1965.....	2,203,196,000.00		2,203,177,000.00	19,000.00	
Sept. 23, 1965.....	2,205,738,000.00		2,205,738,000.00		
Other:					
Sept. 30, 1965.....	2,002,602,000.00	\$1,200,397,000.00	3,202,921,000.00	78,000.00	
Regular weekly:					
Oct. 7, 1965.....	1,001,261,000.00	1,201,403,000.00	2,202,658,000.00	6,000.00	
Oct. 14, 1965.....	1,000,699,000.00	1,201,816,000.00	2,202,615,000.00		
Oct. 21, 1965.....	1,001,522,000.00	1,201,954,000.00	2,203,466,000.00	10,000.00	
Oct. 28, 1965.....	1,003,275,000.00	1,200,953,000.00	2,204,226,000.00	2,000.00	
Other:					
Oct. 31, 1965.....	999,950,000.00		999,916,000.00	34,000.00	
Regular weekly:					
Nov. 4, 1965.....	1,000,414,000.00	1,201,399,000.00	2,201,812,000.00	1,000.00	
Nov. 12, 1965.....	1,000,857,000.00	1,200,975,000.00	2,201,832,000.00		
Nov. 18, 1965.....	1,001,778,000.00	1,200,780,000.00	2,202,549,000.00	9,000.00	
Nov. 26, 1965.....	1,000,785,000.00	1,200,411,000.00	2,201,196,000.00		
Other:					
Nov. 30, 1965.....	1,000,542,000.00		1,000,501,000.00	41,000.00	
Regular weekly:					
Dec. 2, 1965.....	1,001,177,000.00	1,203,375,000.00	2,204,552,000.00		
Dec. 9, 1965.....	1,000,294,000.00	1,201,854,000.00	2,202,148,000.00		

Dec. 16, 1965.....	1,001,469,000.00	1,201,087,000.00	2,202,549,000.00	7,000.00
Dec. 23, 1965.....	1,001,519,000.00	1,200,586,000.00	2,202,105,000.00	
Dec. 30, 1965.....		2,200,007,000.00	2,199,934,000.00	73,000.00
Other:				
Dec. 31, 1965.....	1,002,951,000.00		1,002,905,000.00	46,000.00
Regular weekly:				
Jan. 6, 1966.....		2,202,223,000.00	2,202,203,000.00	20,000.00
Jan. 13, 1966.....		2,200,555,000.00	2,200,546,000.00	9,000.00
Jan. 20, 1966.....		2,205,082,000.00	2,204,882,000.00	200,000.00
Jan. 27, 1966.....		2,200,705,000.00	2,200,685,000.00	20,000.00
Other:				
Jan. 31, 1966.....	1,000,387,000.00		1,000,338,000.00	49,000.00
Regular weekly:				
Feb. 3, 1966.....		2,202,185,000.00	2,202,168,000.00	17,000.00
Feb. 10, 1966.....		2,200,935,000.00	2,200,889,000.00	46,000.00
Feb. 17, 1966.....		2,201,653,000.00	2,201,558,000.00	95,000.00
Feb. 24, 1966.....		2,200,856,000.00	2,200,813,000.00	43,000.00
Other:				
Feb. 28, 1966.....	1,000,705,000.00		1,000,622,000.00	83,000.00
Regular weekly:				
Mar. 3, 1966.....		2,201,257,000.00	2,201,239,000.00	18,000.00
Mar. 10, 1966.....		2,202,125,000.00	2,202,089,000.00	36,000.00
Mar. 17, 1966.....		2,206,604,000.00	2,206,439,000.00	165,000.00
Tax anticipation:				
Mar. 22, 1966.....		3,009,402,000.00	3,009,277,000.00	125,000.00
Regular weekly:				
Mar. 24, 1966.....		2,208,747,000.00	2,208,702,000.00	45,000.00
Other:				
Mar. 31, 1966.....	1,000,304,000.00	2,200,410,000.00	3,200,569,000.00	145,000.00
Regular weekly:				
Apr. 7, 1966.....		2,305,621,000.00	2,305,543,000.00	78,000.00
Apr. 14, 1966.....		2,300,509,000.00	2,300,476,000.00	33,000.00
Apr. 21, 1966.....		2,303,720,000.00	2,302,608,000.00	1,112,000.00
Apr. 28, 1966.....		2,302,146,000.00	2,301,976,000.00	170,000.00
Other:				
Apr. 30, 1966.....	1,001,162,000.00		1,000,722,000.00	440,000.00
Regular weekly:				
May 5, 1966.....		2,300,989,000.00	2,300,447,000.00	542,000.00
May 12, 1966.....		2,303,788,000.00	2,303,626,000.00	162,000.00
May 19, 1966.....		2,301,401,000.00	2,301,106,000.00	295,000.00
May 26, 1966.....		2,312,757,000.00	2,312,352,000.00	405,000.00
Other:				
May 31, 1966.....	1,000,886,000.00		1,000,371,000.00	515,000.00
Regular weekly:				
June 2, 1966.....		2,301,540,000.00	2,300,886,000.00	654,000.00
June 9, 1966.....		2,300,526,000.00	2,299,853,000.00	673,000.00
June 16, 1966.....		2,301,473,000.00	2,299,872,000.00	1,601,000.00
Tax anticipation:				
June 22, 1966.....		4,522,423,000.00	4,441,583,000.00	80,840,000.00

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Redemptions dur- ing year	Transferred to matured debt	Outstanding June 30, 1966 ¹
INTEREST-BEARING DEBT—Continued					
Public issues—Continued					
Marketable—Continued					
Treasury bills etc.—Continued					
Regular weekly:					
June 23, 1966.....		\$2,303,861,000.00	\$2,301,172,000.00	\$2,689,000.00	-----
Other:					
June 30, 1966.....	\$1,000,612,000.00	2,301,331,000.00	3,277,411,000.00	24,532,000.00	-----
Regular weekly:					
July 7, 1966.....		2,304,650,000.00			\$2,304,650,000.00
July 14, 1966.....		2,300,818,000.00			2,300,818,000.00
July 21, 1966.....		2,301,882,000.00			2,301,882,000.00
July 28, 1966.....		2,301,287,000.00			2,301,287,000.00
Other:					
July 31, 1966.....		1,000,247,000.00			1,000,247,000.00
Regular weekly:					
Aug. 4, 1966.....		2,299,987,000.00			2,299,987,000.00
Aug. 11, 1966.....		2,302,555,000.00			2,302,555,000.00
Aug. 18, 1966.....		2,301,257,000.00			2,301,257,000.00
Aug. 25, 1966.....		2,302,459,000.00			2,302,459,000.00
Other:					
Aug. 31, 1966.....		1,000,277,000.00			1,000,277,000.00
Regular weekly:					
Sept. 1, 1966.....		2,301,813,000.00			2,301,813,000.00
Sept. 8, 1966.....		2,300,532,000.00			2,300,532,000.00
Sept. 15, 1966.....		2,302,482,000.00			2,302,482,000.00
Sept. 22, 1966.....		2,301,149,000.00			2,301,149,000.00
Sept. 29, 1966.....		2,300,097,000.00			2,300,097,000.00
Other:					
Sept. 30, 1966.....		1,000,499,000.00			1,000,499,000.00
Regular weekly:					
Oct. 6, 1966.....		1,001,791,000.00			1,001,791,000.00
Oct. 13, 1966.....		1,000,253,000.00			1,000,253,000.00
Oct. 20, 1966.....		1,001,924,000.00			1,001,924,000.00
Oct. 27, 1966.....		1,000,395,000.00			1,000,395,000.00
Other:					
Oct. 31, 1966.....		999,948,000.00			999,948,000.00
Regular weekly:					
Nov. 3, 1966.....		990,009,000.00			990,009,000.00
Nov. 10, 1966.....		1,001,478,000.00			1,001,478,000.00
Nov. 17, 1966.....		1,000,501,000.00			1,000,501,000.00
Nov. 25, 1966.....		1,000,484,000.00			1,000,484,000.00
Other:					
Nov. 30, 1966.....		1,000,580,000.00			1,000,580,000.00

Regular weekly:					
Dec. 1, 1966		1,001,308,000.00			1,001,308,000.00
Dec. 8, 1966		1,000,517,000.00			1,000,517,000.00
Dec. 15, 1966		1,001,671,000.00			1,001,671,000.00
Dec. 22, 1966		1,000,375,000.00			1,000,375,000.00
Dec. 29, 1966		999,904,000.00			999,904,000.00
Other:					
Dec. 31, 1966		1,001,028,000.00			1,001,028,000.00
Jan. 31, 1967		1,001,391,000.00			1,001,391,000.00
Feb. 28, 1967		1,000,172,000.00			1,000,172,000.00
Mar. 31, 1967		1,000,026,000.00			1,000,026,000.00
Apr. 30, 1967		1,000,731,000.00			1,000,731,000.00
May 31, 1967		1,001,208,000.00			1,001,208,000.00
June 30, 1967		1,001,443,000.00			1,001,443,000.00
Total Treasury bills	53,664,867,000.00	138,850,949,000.00	137,470,210,000.00	116,478,000.00	54,929,128,000.00
Certificates of indebtedness:					
Regular:					
4¾% Series A-1966		1,652,194,000.00			1,652,194,000.00
Treasury notes:					
3¼% Series B-1965	1,616,604,000.00		1,616,288,000.00	316,000.00	
3¼% Series D-1965 (dated Feb. 15, 1964)	6,202,029,000.00		6,202,014,000.00	15,000.00	
3¼% Series D-1965 (dated Apr. 8, 1964)	1,066,270,000.00		1,066,023,000.00	247,000.00	
4% Series E-1965	8,099,286,000.00		8,098,445,000.00	841,000.00	
4% Series A-1966	11,060,470,000.00		2,624,590,000.00		8,435,880,000.00
3¾% Series B-1966	2,195,067,000.00		2,193,996,000.00	1,071,000.00	
3¾% Series C-1966	2,596,595,000.00		2,596,284,000.00	311,000.00	
4% Series D-1966	9,518,942,000.00		9,516,180,000.00	2,762,000.00	
4% Series E-1966	2,253,821,000.00				2,253,821,000.00
3¾% Series A-1967	2,929,360,000.00				2,929,360,000.00
3¾% Series B-1967	2,357,648,000.00				2,357,648,000.00
4% Series C-1967		5,150,687,000.00			5,150,687,000.00
4¼% Series D-1967		9,748,216,000.00			9,748,216,000.00
4½% Series E-1967		2,117,366,000.00			2,117,366,000.00
4½% Series F-1967		8,135,075,000.00			8,135,075,000.00
5% Series A-1970		7,675,487,000.00			7,675,487,000.00
1½% Series E O-1965	315,094,000.00		314,883,000.00	211,000.00	
1½% Series E A-1966	674,981,000.00		674,455,000.00	526,000.00	
1½% Series E O-1966	356,530,000.00				356,530,000.00
1½% Series E A-1967	270,496,000.00				270,496,000.00
1½% Series E O-1967	457,177,000.00				457,177,000.00
1½% Series E A-1968	212,127,000.00				212,127,000.00
1½% Series E O-1968	115,331,000.00				115,331,000.00
1½% Series E A-1969	60,545,000.00				60,545,000.00
1½% Series E O-1969	158,926,000.00				158,926,000.00
1½% Series E A-1970	31,296,000.00	56,233,000.00			87,529,000.00
1½% Series E O-1970		113,131,000.00			113,131,000.00
1½% Series E A-1971		14,255,000.00			14,255,000.00
Total Treasury notes	52,548,595,000.00	33,010,450,000.00	34,903,158,000.00	6,300,000.00	50,649,587,000.00

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Redemptions dur- ing year	Transferred to matured debt	Outstanding June 30, 1966 ¹
INTEREST-BEARING DEBT—Continued					
Public issues—Continued					
Marketable—Continued					
Treasury bonds:					
2½% of 1962-67.....	\$1,430,800,700.00		\$887,900.00		\$1,429,912,800.00
2½% of 1963-63.....	1,792,236,000.00		1,716,000.00		1,790,520,000.00
2½% of 1964-69 (dated Apr. 15, 1943).....	2,586,237,500.00		39,593,000.00		2,546,644,500.00
2½% of 1964-69 (dated Sept. 15, 1943).....	2,534,912,000.00		39,705,500.00		2,495,206,500.00
2½% of 1965-70.....	2,411,064,000.00		97,381,000.00		2,313,683,000.00
3% of 1966.....	1,024,402,500.00		324,231,000.00		700,171,500.00
3½% of 1966.....	1,851,408,000.00				1,851,408,000.00
3¾% of 1966.....	1,687,548,000.00		1,678,233,000.00	\$9,315,000.00	
2½% of 1966-71.....	1,399,586,500.00		2,644,000.00		1,396,942,500.00
3½% of 1967.....	2,018,541,000.00				2,018,541,000.00
2½% of 1967-72 (dated June 1, 1945).....	1,282,481,500.00		11,210,500.00		1,271,271,000.00
2½% of 1967-72 (dated Oct. 20, 1941).....	1,951,800,750.00		5,500.00		1,951,795,250.00
2½% of 1967-72 (dated Nov. 15, 1945).....	2,699,435,000.00		31,299,500.00		2,668,135,500.00
3½% of 1968 (dated June 23, 1960).....	2,459,935,500.00		500.00		2,459,935,000.00
3½% of 1968 (dated Sept. 15, 1963).....	1,591,434,000.00				1,591,434,000.00
3¾% of 1968.....	3,747,353,500.00				3,747,353,500.00
4% of 1969 (dated Oct. 1, 1957).....	6,260,914,500.00		3,402,000.00		6,257,512,500.00
4% of 1969 (dated Aug. 15, 1962).....	1,843,615,500.00	\$1,884,375,000.00			3,727,990,500.00
4% of 1970 (dated June 20, 1963).....	4,129,240,000.00		1,000.00		4,129,239,000.00
4% of 1970 (dated Jan. 15, 1965).....	4,381,420,000.00				4,381,420,000.00
4% of 1971.....	2,805,626,500.00				2,805,626,500.00
3½% of 1971.....	2,760,420,000.00				2,760,420,000.00
4% of 1972 (dated Sept. 15, 1962).....	2,578,547,000.00				2,578,547,000.00
4% of 1972 (dated Nov. 15, 1962).....	2,343,511,000.00				2,343,511,000.00
4% of 1973.....	3,893,834,000.00				3,893,834,000.00
4½% of 1973.....	4,357,209,500.00		863,500.00		4,356,346,000.00
4½% of 1974.....	3,130,373,500.00		112,000.00		3,130,261,500.00
4½% of 1974.....	3,593,456,500.00	127,000.00	661,000.00		3,592,922,500.00
3½% of 1974.....	2,243,527,500.00		864,000.00		2,242,663,500.00
4½% of 1975-85.....	1,217,559,500.00		221,500.00		1,217,338,000.00
3¼% of 1978-83.....	1,533,411,000.00		3,934,500.00		1,579,476,500.00
4% of 1980.....	2,608,304,000.00		1,879,000.00		2,606,425,000.00
3½% of 1980.....	1,912,537,000.00		1,300,500.00		1,911,236,500.00
3¼% of 1985.....	1,127,155,000.00		2,382,000.00		1,124,773,000.00
4¼% of 1987-92.....	3,817,841,500.00		145,000.00		3,817,696,500.00
4% of 1988-93.....	249,901,000.00		170,000.00		249,731,000.00
4½% of 1989-94.....	1,550,394,000.00		299,500.00		1,550,094,500.00
3½% of 1990.....	4,901,645,000.00		4,678,000.00		4,896,967,000.00
3½% of 1995.....	2,236,830,500.00		196,650,500.00		2,090,240,000.00

3¼% of 1998.....	4, 420, 921, 000. 00		16, 824, 000. 00		4, 404, 097, 000. 00
Total Treasury bonds.....	102, 477, 519, 450. 00	1, 884, 502, 000. 00	2, 461, 296, 400. 00	9, 315, 000. 00	101, 891, 410, 050. 00
Total marketable issues.....	208, 690, 981, 460. 00	175, 398, 095, 000. 00	174, 834, 664, 400. 00	132, 093, 000. 00	209, 122, 319, 050. 00
Nonmarketable:					
Certificates of indebtedness:					
2.00% foreign series.....	275, 000, 000. 00	285, 000, 000. 00	560, 000, 000. 00		
3.75% foreign series.....	50, 000, 000. 00	105, 000, 000. 00	155, 000, 000. 00		
3.784% foreign series.....	135, 000, 000. 00		135, 000, 000. 00		
3.80% foreign series.....	18, 000, 000. 00	100, 000, 000. 00	118, 000, 000. 00		
3.85% foreign series.....		275, 000, 000. 00	275, 000, 000. 00		
3.875% foreign series.....	50, 000, 000. 00		50, 000, 000. 00		
3.90% foreign series.....	150, 000, 000. 00		150, 000, 000. 00		
3.95% foreign series.....	100, 000, 000. 00		100, 000, 000. 00		
3.983% foreign series.....		325, 000, 000. 00	325, 000, 000. 00		
4.05% foreign series.....		165, 000, 000. 00	165, 000, 000. 00		
4.10% foreign series.....		100, 000, 000. 00	100, 000, 000. 00		
4.15% foreign series.....		75, 000, 000. 00	75, 000, 000. 00		
4.35% foreign series.....		10, 000, 000. 00	10, 000, 000. 00		
4.375% foreign series.....		50, 000, 000. 00	50, 000, 000. 00		
4.45% foreign series.....		50, 000, 000. 00			50, 000, 000. 00
4.457% foreign series.....		325, 000, 000. 00	325, 000, 000. 00		
4.50% foreign series.....		50, 000, 000. 00			50, 000, 000. 00
4.555% foreign series.....		325, 000, 000. 00	325, 000, 000. 00		
4.575% foreign series.....		105, 000, 000. 00			105, 000, 000. 00
4.60% foreign series.....		140, 000, 000. 00	140, 000, 000. 00		
4.65% foreign series.....		100, 000, 000. 00			100, 000, 000. 00
Total foreign series.....	778, 000, 000. 00	2, 585, 000, 000. 00	3, 058, 000, 000. 00		305, 000, 000. 00
Treasury notes:					
3.63% foreign series.....	25, 000, 000. 00		25, 000, 000. 00		
3.97% foreign series.....		125, 000, 000. 00			125, 000, 000. 00
4.03% foreign series.....	125, 000, 000. 00		125, 000, 000. 00		
4.26% foreign series.....		25, 000, 000. 00			25, 000, 000. 00
4.30% foreign series.....		75, 000, 000. 00	11, 964, 823. 78		63, 035, 176. 22
4.66% foreign series.....		85, 000, 000. 00			85, 000, 000. 00
4.86% foreign series.....		40, 000, 000. 00			40, 000, 000. 00
Total foreign series.....	150, 000, 000. 00	350, 000, 000. 00	161, 964, 823. 78		338, 035, 176. 22
Treasury bonds:					
4.00% foreign series.....	30, 000, 000. 00		30, 000, 000. 00		
4.125% foreign series.....	30, 000, 000. 00				30, 000, 000. 00
4.25% foreign series.....	143, 929, 534. 25				143, 929, 534. 25
Total foreign series.....	203, 929, 534. 25		30, 000, 000. 00		173, 929, 534. 25

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Redemptions dur- ing year	Transferred to matured debt	Outstanding June 30, 1966 ¹
INTEREST-BEARING DEBT—Continued					
Public issues—Continued					
Nonmarketable—Continued					
Certificates of indebtedness:					
4.30% foreign currency series.....		\$44,933,410.54	\$22,466,705.27		\$22,466,705.27
4.33% foreign currency series.....		99,962,514.04	49,981,257.02		49,981,257.02
4.35% foreign currency series.....		92,637,097.37	92,637,097.37		
4.38% foreign currency series.....		99,992,500.56	49,996,250.28		49,996,250.28
4.80% foreign currency series.....		92,635,479.39			92,635,479.39
4.84% foreign currency series.....		23,087,756.56			23,087,756.56
4.85% foreign currency series.....		60,201,907.92	30,100,953.96		30,100,953.96
4.87% foreign currency series.....		49,767,337.70			49,767,337.70
4.90% foreign currency series.....		74,895,146.79	24,965,048.93		49,930,097.86
4.91% foreign currency series.....		24,965,048.93	24,965,048.93		
Total foreign currency series.....		663,078,199.80	295,112,361.76		367,965,838.04
Treasury bonds:					
3.37% foreign currency series.....	\$69,521,690.77		69,521,690.77		
3.55% foreign currency series.....	25,112,377.89		25,112,377.89		
3.66% foreign currency series.....	50,227,278.43		50,227,278.43		
3.67% foreign currency series.....	52,054,414.21		52,054,414.21		
3.71% foreign currency series.....	27,720,027.72		27,720,027.72		
3.77% foreign currency series.....	50,322,061.19		50,322,061.19		
3.81% foreign currency series.....	22,461,502.84		22,461,502.84		
3.83% foreign currency series.....	50,314,465.41		50,314,465.41		
3.84% foreign currency series.....	80,440,531.41		80,440,531.41		
3.85% foreign currency series.....	50,314,465.41		50,314,465.41		
3.87% foreign currency series.....	53,267,785.89		53,267,785.89		
3.90% foreign currency series.....	75,443,961.45		75,443,961.45		
3.92% foreign currency series.....	23,174,433.96		23,174,433.96		
3.93% foreign currency series.....	100,598,611.31		50,334,725.93		50,263,885.38
3.95% foreign currency series.....		92,637,097.37	92,637,097.37		
3.97% foreign currency series.....		49,875,311.72			49,875,311.72
3.98% foreign currency series.....		27,714,906.00			27,714,906.00
3.99% foreign currency series.....	25,491,877.36				25,491,877.36
4.02% foreign currency series.....	23,025,558.37				23,025,558.37
4.03% foreign currency series.....		124,849,939.98			124,849,939.98
4.04% foreign currency series.....	125,734,883.74		50,319,529.01		75,415,354.73
4.05% foreign currency series.....	50,319,529.01		50,319,529.01		
4.06% foreign currency series.....	50,319,529.01		50,319,529.01		
4.07% foreign currency series.....	50,319,529.01	49,838,026.41	50,319,529.01		49,838,026.41
4.08% foreign currency series.....	20,150,118.38				20,150,118.38

4.09% foreign currency series	35,229,350.44			35,229,350.44
4.10% foreign currency series		52,112,284.60		52,112,284.60
4.11% foreign currency series	25,164,537.36			25,164,537.36
4.23% foreign currency series		30,099,560.08		30,099,560.08
Total foreign currency series	1,136,728,520.57	427,127,126.16	974,624,935.92	589,230,710.81
3.54% Treasury certificates, maturing July 31, 1965	61,606,974.14		61,606,974.14	
3.44% Treasury certificates, maturing Aug. 31, 1965		61,782,938.85	61,782,938.85	
3.784% Treasury certificates, maturing Sept. 30, 1965	27,487,858.09		27,487,858.09	
3.544% Treasury certificates, maturing Sept. 30, 1965		61,954,421.20	61,954,421.20	
3.50% Treasury certificates, maturing Oct. 31, 1965		62,080,262.36	62,080,262.36	
3.54% Treasury certificates, maturing Nov 30, 1965		62,255,575.32	62,255,575.32	
1% Treasury certificates, maturing Dec. 15, 1965	6,191,254.40		6,191,254.40	
3.983% Treasury certificates, maturing Dec. 31, 1965		21,221,494.18	21,221,494.18	
3.570% Treasury certificates, maturing Dec. 31, 1965		62,427,656.55	62,427,656.55	
3.54% Treasury certificates, maturing Jan. 31, 1966		62,607,476.43	62,607,476.43	
3.83% Treasury certificates, maturing Feb. 28, 1966		62,786,298.82	62,786,298.82	
4.457% Treasury certificates, maturing Mar. 31, 1966		21,432,807.21	21,432,807.21	
4.14% Treasury certificates, maturing Mar. 31, 1966		62,961,546.56	62,961,546.56	
4.638% Treasury certificates, maturing Apr. 30, 1966		1,026,511.10	1,026,511.10	
4.11% Treasury certificates, maturing Apr. 30, 1966		63,171,860.55	63,171,860.55	
4.01% Treasury certificates, maturing May 31, 1966		63,374,590.30	63,374,590.30	
1% Treasury certificates, maturing June 15, 1966		2,185,619.93	2,185,619.93	
4.555% Treasury certificates, maturing June 30, 1966		25,178,655.50	25,178,655.50	
4.26% Treasury certificates, maturing June 30, 1966		64,210,962.15	64,210,962.15	
4.555% Treasury certificates, maturing July 1, 1966		6,203,700.00		6,203,700.00
4.630% Treasury certificates, maturing July 31, 1966		1,038,105.40		1,038,105.40
4.24% Treasury certificates, maturing July 31, 1966		64,422,517.18		64,422,517.18
4.435% Treasury certificates, maturing Sept. 30, 1966		19,013,582.09		19,013,582.09
1% Treasury certificates, maturing Dec. 15, 1966		2,500,000.00	279,849.47	2,220,150.53
Total Treasury certificates	95,286,086.63	853,836,581.68	856,224,613.11	92,898,055.20
4% Treasury bonds, maturing June 30, 1967	9,094,068.02	267,906.50	4,974,692.50	4,387,282.02
U.S. savings bonds: ³				
Series E-1941	260,014,449.38	9,467,441.72	22,107,735.49	247,374,155.61
Series E-1942	1,118,956,124.42	40,791,900.23	94,595,878.45	1,065,152,146.20
Series E-1943	1,771,953,258.17	64,526,851.51	152,241,598.98	1,684,238,510.70
Series E-1944	2,188,655,592.70	79,712,295.23	193,299,605.87	2,075,068,282.06
Series E-1945	1,952,731,717.26	72,120,870.34	192,022,064.58	1,832,830,523.02
Series E-1946	1,090,942,347.67	42,674,122.29	97,181,756.20	1,036,434,713.76
Series E-1947	1,197,264,773.08	45,193,184.16	92,922,869.47	1,149,535,087.77
Series E-1948	1,333,928,661.99	47,027,899.69	103,282,469.09	1,277,674,092.59
Series E-1949	1,395,969,753.95	50,560,066.52	107,011,235.94	1,339,518,584.53
Series E-1950	1,286,889,669.14	47,276,073.54	102,455,593.40	1,231,710,149.28
Series E-1951	1,118,643,042.71	40,530,377.39	91,238,925.20	1,067,934,494.90
Series E-1952 (January to April)	388,239,838.86	14,021,098.76	32,630,157.57	369,630,780.05
Series E-1952 (May to December)	822,181,154.38	29,245,687.85	70,076,470.74	781,350,371.49
Series E-1953	1,503,379,600.07	52,847,293.61	132,493,999.70	1,423,732,893.98

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Redemptions dur- ing year	Transferred to matured debt	Outstanding June 30, 1966 ¹
INTEREST-BEARING DEBT—Continued					
Public issues—Continued					
Nonmarketable—Continued					
U.S. savings bonds.—Continued					
Series E—1954.....	\$1,649,446,189.86	\$57,104,560.69	\$159,074,269.91	-----	\$1,547,476,480.64
Series E—1955.....	1,872,546,409.78	63,643,029.33	225,800,733.06	-----	1,710,388,706.05
Series E—1956.....	1,822,859,281.76	96,356,419.59	171,608,416.50	-----	1,747,607,284.85
Series E—1957 (January).....	156,968,809.69	6,543,574.19	10,390,787.48	-----	153,121,596.40
Series E—1957 (February to December).....	1,617,630,200.30	68,793,908.39	118,657,697.07	-----	1,567,766,411.62
Series E—1958.....	1,852,903,833.88	74,265,168.00	121,529,886.57	-----	1,805,639,115.31
Series E—1959 (January to May).....	751,485,353.92	29,803,032.36	49,536,572.84	-----	731,751,813.44
Series E—1959 (June to December).....	1,014,057,625.70	40,058,591.23	68,222,476.97	-----	985,893,739.96
Series E—1960.....	1,889,273,084.15	75,620,477.12	136,774,579.97	-----	1,828,118,981.30
Series E—1961.....	2,055,643,502.55	83,165,476.43	150,173,343.52	-----	1,988,635,635.46
Series E—1962.....	2,080,303,546.84	79,728,033.20	178,634,977.17	-----	1,981,386,602.87
Series E—1963.....	2,569,299,711.70	95,592,940.77	233,011,342.42	-----	2,431,881,310.05
Series E—1964.....	2,766,681,873.83	88,044,841.39	391,662,681.63	-----	2,463,064,033.59
Series E—1965 (January to November).....	1,494,948,562.50	2,032,821,433.62	1,124,953,566.83	-----	2,402,816,429.29
Series E—1965 (December).....	-----	390,147,869.58	111,316,573.26	-----	278,831,296.32
Series E—1966.....	-----	1,874,094,225.00	278,530,031.25	-----	1,595,564,193.75
Unclassified sales and redemptions.....	23,842,338.76	2,071,351.18	79,352.02	-----	25,834,337.92
Total Series E.....	41,047,640,309.00	5,793,850,094.91	5,013,517,649.15	-----	41,827,972,754.76
Series H—1952.....	76,754,000.00	-----	6,281,000.00	-----	70,473,000.00
Series H—1953.....	213,578,000.00	-----	18,640,000.00	-----	194,938,000.00
Series H—1954.....	415,717,000.00	-----	38,167,500.00	-----	377,549,500.00
Series H—1955.....	611,922,500.00	-----	79,723,500.00	-----	532,199,000.00
Series H—1956.....	558,824,500.00	-----	80,960,500.00	-----	477,864,000.00
Series H—1957 (January).....	43,000,000.00	-----	2,294,000.00	-----	40,706,000.00
Series H—1957 (February to December).....	393,831,500.00	-----	22,125,500.00	-----	371,706,000.00
Series H—1958.....	628,461,500.00	-----	35,061,000.00	-----	593,400,000.00
Series H—1959 (January to May).....	271,157,500.00	-----	14,202,000.00	-----	256,955,500.00
Series H—1959 (June to December).....	285,349,000.00	-----	15,587,000.00	-----	269,762,000.00
Series H—1960.....	847,324,500.00	-----	42,284,500.00	-----	805,040,000.00
Series H—1961.....	910,680,000.00	-----	44,060,500.00	-----	866,619,500.00
Series H—1962.....	780,798,000.00	-----	33,448,500.00	-----	747,349,500.00
Series H—1963.....	726,057,500.00	70,500.00	29,494,500.00	-----	696,633,500.00
Series H—1964.....	655,174,000.00	93,000.00	25,103,500.00	-----	630,163,500.00
Series H—1965 (January to November).....	295,920,500.00	243,964,000.00	16,041,000.00	-----	523,843,500.00
Series H—1965 (December).....	-----	45,680,000.00	392,500.00	-----	45,287,500.00
Series H—1966.....	-----	321,769,500.00	283,000.00	-----	321,486,500.00

Unclassified sales and redemptions.....	8,729,000.00	3,477,000.00	-10,000.00	-----	12,216,000.00
Total Series H.....	7,723,279,000.00	615,054,000.00	504,140,000.00	-----	7,834,193,000.00
Series J-1953.....	36,498,651.00	582,485.60	33,401,536.60	\$3,679,600.00	-----
Series J-1954.....	129,488,044.20	4,184,467.20	59,202,867.40	14,654,375.00	59,815,269.00
Series J-1955.....	114,536,774.34	3,765,639.72	10,599,729.06	-----	107,702,685.00
Series J-1956.....	92,270,889.05	2,945,479.80	9,273,148.98	-----	85,943,219.87
Series J-1957.....	20,842,951.75	642,638.85	2,034,518.05	-----	19,451,072.55
Unclassified redemptions.....	⁴ -4,207.40	-----	9,817.60	-----	⁴ -14,025.00
Total Series J.....	393,633,102.94	12,120,711.17	114,521,617.69	18,333,975.00	272,898,221.42
Series K-1953.....	55,511,000.00	-----	53,334,000.00	2,177,000.00	-----
Series K-1954.....	316,078,000.00	-----	160,460,500.00	12,075,000.00	143,542,500.00
Series K-1955.....	263,171,000.00	-----	30,818,000.00	-----	232,353,000.00
Series K-1956.....	166,537,000.00	-----	16,474,000.00	-----	150,063,000.00
Series K-1957.....	33,165,500.00	-----	2,572,500.00	-----	30,593,000.00
Unclassified redemptions.....	⁴ -19,000.00	-----	3,500.00	-----	⁴ -22,500.00
Total Series K.....	834,443,500.00	-----	263,662,500.00	14,252,000.00	556,529,000.00
Total U.S. savings bonds.....	49,998,995,911.94	6,421,024,806.08	5,895,841,766.84	32,585,975.00	50,491,592,976.18
U.S. retirement plan bonds.....	10,851,529.25	5,336,322.91	280,841.09	-----	15,907,011.07
Depository bonds:	-----	-----	-----	-----	-----
First Series.....	58,738,000.00	5,709,000.00	20,791,000.00	-----	43,656,000.00
Treasury bonds, REA Series.....	25,975,000.00	1,459,000.00	4,089,000.00	-----	23,345,000.00
Treasury bonds, investment series:	-----	-----	-----	-----	-----
2½% Series A-1965.....	380,665,000.00	-----	380,595,000.00	70,000.00	-----
2¾% Series B-1975-80.....	2,875,293,000.00	-----	183,881,000.00	-----	2,691,412,000.00
Total Treasury bonds investment series.....	3,255,958,000.00	-----	564,476,000.00	70,000.00	2,691,412,000.00
Total nonmarketable.....	55,723,556,650.66	11,312,838,943.13	11,866,380,035.00	32,655,975.00	55,137,359,583.79
Total public issues.....	264,414,538,100.66	186,710,933,943.13	186,701,044,435.00	164,748,975.00	264,259,678,633.79
Special Issues	-----	-----	-----	-----	-----
Civil service retirement fund:	-----	-----	-----	-----	-----
5% certificates.....	-----	203,651,000.00	203,651,000.00	-----	-----
4½% certificates.....	-----	245,425,000.00	204,733,000.00	-----	40,692,000.00
4¾% certificates.....	-----	552,678,000.00	552,678,000.00	-----	-----
4½% certificates.....	-----	207,493,000.00	207,493,000.00	-----	-----
4¾% certificates.....	-----	531,304,000.00	531,304,000.00	-----	-----
4½% certificates.....	-----	241,731,000.00	241,731,000.00	-----	-----
4¾% certificates.....	69,707,000.00	386,607,000.00	456,314,000.00	-----	-----

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Redemptions dur- ing year	Transferred to matured debt	Outstanding June 30, 1966 ¹
INTEREST-BEARING DEBT—Continued					
Special Issues—Continued					
Civil service retirement fund—Continued					
4 $\frac{7}{8}$ % notes.....		\$1,907,732,000.00			\$1,907,732,000.00
4 $\frac{1}{8}$ % notes.....	\$569,896,000.00		\$72,775,000.00		497,121,000.00
3 $\frac{7}{8}$ % notes.....	240,681,000.00		80,227,000.00		160,454,000.00
3 $\frac{3}{4}$ % notes.....	121,952,000.00		60,976,000.00		60,976,000.00
2 $\frac{7}{8}$ % notes.....	69,913,000.00		69,913,000.00		
4 $\frac{1}{8}$ % bonds.....	3,888,607,000.00				3,888,607,000.00
3 $\frac{7}{8}$ % bonds.....	2,024,661,000.00				2,024,661,000.00
3 $\frac{3}{4}$ % bonds.....	1,295,200,000.00				1,295,200,000.00
2 $\frac{7}{8}$ % bonds.....	1,080,225,000.00		70,649,000.00		1,009,576,000.00
2 $\frac{5}{8}$ % bonds.....	4,205,921,000.00		528,781,000.00		3,677,140,000.00
2 $\frac{1}{2}$ % bonds.....	970,000,000.00		385,000,000.00		585,000,000.00
Exchange Stabilization Fund:					
4.83% certificates.....		20,000,000.00			20,000,000.00
4.55% certificates.....		192,500,000.00	188,500,000.00		4,000,000.00
4.45% certificates.....		41,800,000.00	41,800,000.00		
4.45% certificates.....		765,876,440.38	765,876,440.38		
4.40% certificates.....		2,449,372,120.63	1,912,987,454.35		536,384,666.28
4.30% certificates.....		848,653,288.65	848,653,288.65		
4.20% certificates.....		631,295,941.50	631,295,941.50		
3.98% certificates.....		93,500,000.00	93,500,000.00		
3.92% certificates.....	15,500,000.00		15,500,000.00		
3.90% certificates.....		623,074,103.80	623,074,103.80		
3.80% certificates.....		481,617,278.84	481,617,278.84		
3.78% certificates.....		216,000,000.00	216,000,000.00		
3.75% certificates.....		598,655,939.67	598,655,939.67		
3.65% certificates.....	216,305,515.33	696,241,379.51	912,546,894.84		
3.55% certificates.....		1,268,903,521.51	1,268,903,521.51		
Federal Deposit Insurance Corporation:					
2% notes.....	312,398,000.00	328,771,000.00	584,049,000.00		57,120,000.00
Federal disability insurance trust fund:					
5% certificates.....		155,752,000.00	155,752,000.00		
4 $\frac{7}{8}$ % certificates.....		234,023,000.00	234,023,000.00		
4 $\frac{1}{2}$ % certificates.....		625,616,000.00	625,616,000.00		
4 $\frac{1}{8}$ % certificates.....		34,777,000.00	34,777,000.00		
4 $\frac{1}{8}$ % certificates.....		269,746,000.00	269,746,000.00		
4 $\frac{1}{8}$ % certificates.....		125,053,000.00	125,053,000.00		
4 $\frac{1}{8}$ % certificates.....		207,884,000.00	207,884,000.00		
4 $\frac{1}{8}$ % notes.....		158,195,000.00			158,195,000.00
4 $\frac{1}{8}$ % bonds.....	279,238,000.00				279,238,000.00
3 $\frac{3}{4}$ % bonds.....	153,632,000.00				153,632,000.00

3 3/4% bonds.....	431,692,000.00		82,952,000.00		348,740,000.00
2 5/8% bonds.....	698,202,000.00		488,302,000.00		209,900,000.00
Federal home loan banks:					
4.45% certificates.....		728,000,000.00	728,000,000.00		
4.40% certificates.....		1,948,500,000.00	1,024,000,000.00		924,500,000.00
4.30% certificates.....		671,500,000.00	671,500,000.00		
4.20% certificates.....		541,500,000.00	541,500,000.00		
3.90% certificates.....		576,500,000.00	576,500,000.00		
3.80% certificates.....		687,200,000.00	687,200,000.00		
3.75% certificates.....		428,800,000.00	428,800,000.00		
3.65% certificates.....		515,200,000.00	515,200,000.00		
3.55% certificates.....		714,100,000.00	714,100,000.00		
2 5/8% certificates.....	50,500,000.00		50,500,000.00		
2 1/8% certificates.....	50,000,000.00		50,000,000.00		
Federal hospital insurance trust fund:					
5% certificates.....		143,001,000.00	143,001,000.00		
4 7/8% certificates.....		288,508,000.00	236,125,000.00		52,383,000.00
4 3/4% certificates.....		454,938,000.00	454,938,000.00		
4 1/8% notes.....		733,375,000.00			733,375,000.00
Federal Housing Administration:					
Apartment unit insurance fund:					
2% notes.....	325,000.00		325,000.00		
Armed services housing mortgage insurance fund:					
2% notes.....	3,300,000.00	550,000.00	3,850,000.00		
Experimental housing insurance fund:					
2% notes.....	725,000.00		725,000.00		
Housing insurance fund:					
2% notes.....	3,538,000.00	2,400,000.00	5,938,000.00		
Housing investment insurance fund:					
2% notes.....	90,000.00	50,000.00	140,000.00		
Mutual mortgage insurance fund:					
2% notes.....	96,151,000.00	127,150,000.00	223,301,000.00		
National defense housing insurance fund:					
2% notes.....	430,000.00		430,000.00		
Section 203 home improvement account:					
2% notes.....	525,000.00		525,000.00		
Section 220 home improvement account:					
2% notes.....	525,000.00		525,000.00		
Section 220 housing insurance fund:					
2% notes.....	1,440,000.00		1,440,000.00		
Servicemen's mortgage insurance fund:					
2% notes.....	10,231,000.00	4,000,000.00	14,231,000.00		
Title I housing insurance fund:					
2% notes.....	1,150,000.00	200,000.00	1,350,000.00		
Title I insurance fund:					
2% notes.....	11,273,000.00	5,100,000.00	16,373,000.00		
War housing insurance fund:					
2% notes.....	5,500,000.00	2,400,000.00	7,900,000.00		

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Redemptions dur- ing year	Transferred to matured debt	Outstanding June 30, 1966 ¹
INTEREST-BEARING DEBT—Continued					
Special Issues—Continued					
Federal old-age and survivors insurance trust fund:					
5% certificates.....		\$1,530,785,000.00	\$1,530,785,000.00		
4½% certificates.....		2,104,074,000.00	2,104,074,000.00		
4¼% certificates.....		7,122,363,000.00	7,122,363,000.00		
4½% certificates.....		286,205,000.00	286,205,000.00		
4½% certificates.....		3,287,265,000.00	3,287,265,000.00		
4¼% certificates.....		1,178,967,000.00	1,178,967,000.00		
4½% certificates.....	\$141,020,000.00	3,084,282,000.00	3,225,302,000.00		
4½% notes.....		2,819,755,000.00			\$2,819,755,000.00
4½% notes.....	1,032,019,000.00		1,032,019,000.00		
4¼% bonds.....	2,581,589,000.00				2,581,589,000.00
3½% bonds.....	1,738,455,000.00				1,738,455,000.00
3¼% bonds.....	1,240,088,000.00				1,240,088,000.00
2½% bonds.....	8,115,982,000.00		2,092,529,000.00		6,023,453,000.00
2¼% bonds.....	412,011,000.00		412,011,000.00		
Federal savings and loan insurance corporation:					
2% notes.....	287,422,000.00	276,000,000.00	340,721,000.00		222,701,000.00
Foreign service retirement fund:					
4% certificates.....	39,318,000.00	49,296,000.00	48,151,000.00		40,463,000.00
3% certificates.....	1,126,000.00	1,159,000.00	1,160,000.00		1,125,000.00
Government life insurance fund:					
4% certificates.....		25,500,000.00	25,500,000.00		
4½% notes.....		77,986,000.00			77,986,000.00
3¼% bonds.....	79,800,000.00		670,000.00		79,130,000.00
3½% bonds.....	77,992,000.00				77,992,000.00
3¼% bonds.....	775,662,000.00		73,100,000.00		702,562,000.00
Highway trust fund:					
4½% certificates.....		567,063,000.00	329,300,000.00		237,763,000.00
4% certificates.....		951,073,000.00	951,073,000.00		
3½% certificates.....		551,551,000.00	551,551,000.00		
3¼% certificates.....	265,394,000.00	2,129,680,000.00	2,395,074,000.00		
National service life insurance fund:					
4½% certificates.....		13,696,000.00			13,696,000.00
4% certificates.....		10,829,000.00	10,829,000.00		
3½% certificates.....		25,185,000.00	25,185,000.00		
3¼% certificates.....		8,838,000.00	8,838,000.00		
3½% certificates.....	8,418,000.00	19,173,000.00	27,591,000.00		
4½% notes.....		585,568,000.00			585,568,000.00
3½% notes.....	27,784,000.00				27,784,000.00
3¼% bonds.....	457,730,000.00		7,873,000.00		449,857,000.00
3½% bonds.....	932,386,000.00				932,386,000.00

3½% bonds.....	298,259,000.00			298,259,000.00
3¼% bonds.....	430,031,000.00			430,031,000.00
3¼% bonds.....	343,149,000.00			343,149,000.00
3% bonds.....	3,411,000,000.00		379,000,000.00	3,032,000,000.00
Railroad retirement account:				
5% certificates.....		122,190,000.00	122,190,000.00	
4½% certificates.....		762,880,000.00	544,422,000.00	218,458,000.00
4¼% certificates.....		227,916,000.00	227,916,000.00	
4½% certificates.....		65,009,000.00	65,009,000.00	
4½% certificates.....		100,568,000.00	100,568,000.00	
4¼% certificates.....		97,119,000.00	97,119,000.00	
4½% certificates.....	208,205,000.00	120,089,000.00	328,294,000.00	
4½% notes.....		357,553,000.00		357,553,000.00
4½% notes.....	87,284,000.00		30,766,000.00	56,518,000.00
4% notes.....	362,526,000.00		183,173,000.00	179,353,000.00
4½% bonds.....	614,094,000.00			614,094,000.00
4% bonds.....	1,850,910,000.00			1,850,910,000.00
Unemployment trust fund:				
3½% certificates.....		8,270,707,000.00	1,195,918,000.00	7,074,789,000.00
3¼% certificates.....		1,018,605,000.00	1,018,605,000.00	
3½% certificates.....	5,799,114,000.00	1,772,275,000.00	7,571,389,000.00	
Veterans' special term insurance fund:				
3½% certificates.....	149,134,000.00	188,598,000.00	168,114,000.00	169,618,000.00
Veterans' reopened insurance fund:				
5% certificates.....		1,987,000.00	1,987,000.00	
4½% certificates.....		22,059,000.00	3,287,000.00	18,772,000.00
4¼% certificates.....		7,321,000.00	7,321,000.00	
4½% certificates.....		2,052,000.00	2,052,000.00	
4½% certificates.....		3,829,000.00	3,829,000.00	
4¼% certificates.....		726,000.00	726,000.00	
4½% certificates.....	2,605,000.00	2,886,000.00	5,491,000.00	
Total special issues.....	48,649,950,515.33	63,767,562,014.49	61,297,018,863.54	51,120,493,666.28
Total interest-bearing debt.....	313,064,488,615.99	250,478,495,957.62	247,998,063,298.54	\$164,748,975.00
				315,380,172,300.07

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1966 ¹
MATURED DEBT ON WHICH INTEREST HAS CEASED					
Old debt—issued prior to Apr. 1, 1917:					
6% compound interest notes 1864-66	\$155,960.00				\$155,960.00
3% loan of 1908-18	98,020.00				98,020.00
2½% postal savings bonds	272,480.00			\$42,460.00	230,020.00
2% consols of 1930	9,800.00				9,800.00
4% funded loan of 1907	342,850.00				342,850.00
3% Panama Canal loan of 1961	133,400.00			11,200.00	122,200.00
All others	763,680.26			100.00	763,580.26
Total old debt—issued prior to Apr. 1, 1917	1,776,190.26			53,760.00	1,722,430.26
Liberty loan bonds:					
First Liberty loan:					
First 3½'s	276,050.00			10,250.00	265,800.00
First 4's	87,750.00			800.00	86,950.00
First 4½'s	195,750.00			5,800.00	189,950.00
First-Second 4½'s	2,050.00				2,050.00
Total	561,600.00			16,850.00	544,750.00
Second Liberty loan:					
Second 4's	334,700.00			450.00	334,250.00
Second 4½'s	354,250.00			6,950.00	347,300.00
Total	688,950.00			7,400.00	681,550.00
Third Liberty loan 4½'s	1,201,700.00			10,500.00	1,191,200.00
Fourth Liberty loan 4½'s	2,197,400.00			40,000.00	2,157,400.00
Total Liberty loan bonds	4,649,650.00			74,750.00	4,574,900.00
Victory notes:					
Victory 3½'s	700.00				700.00
Victory 4½'s	393,200.00			900.00	392,300.00
Total Victory notes	393,900.00			900.00	393,000.00
Treasury bonds:					
3½% of 1940-43	11,350.00			1,100.00	10,250.00
3½% of 1941-43	28,850.00			650.00	28,200.00
3½% of 1941	9,150.00				9,150.00

33 1/2% of 1943-47.....	49,900.00		500.00	49,400.00
31 1/2% of 1943-45.....	124,350.00		7,850.00	116,500.00
31 1/2% of 1944-46.....	234,650.00		18,700.00	215,950.00
4% of 1944-54.....	183,300.00		7,000.00	176,300.00
2 1/2% of 1945-47.....	119,000.00		8,400.00	110,600.00
2 1/2% of 1945.....	2,500.00			2,500.00
3 1/2% of 1946-56.....	61,600.00			61,600.00
3% of 1946-48.....	49,000.00		750.00	48,250.00
3 1/2% of 1946-49.....	260,150.00		7,550.00	252,600.00
4 1/2% of 1947-52.....	225,100.00		12,900.00	212,200.00
2% of 1947.....	350.00			350.00
2% of 1948-50 (dated Mar. 15, 1941).....	2,300.00			2,300.00
2 1/2% of 1948-51.....	6,300.00		100.00	6,200.00
1 1/2% of 1948.....	54,500.00		2,000.00	52,500.00
2 1/2% of 1948.....	4,050.00			4,050.00
2% of 1948-50 (dated Dec. 8, 1939).....	2,600.00			2,600.00
2% of 1949-51 (dated Jan. 15, 1942).....	1,150.00		1,000.00	150.00
2% of 1949-51 (dated May 15, 1942).....	14,000.00			14,000.00
2% of 1949-51 (dated July 15, 1942).....	4,000.00			2,500.00
3 1/2% of 1949-52.....	19,500.00		1,500.00	19,200.00
2 1/2% of 1949-53.....	131,550.00		300.00	66,550.00
1 1/2% of 1950.....	462,000.00		65,000.00	428,500.00
2% of 1950-52 (dated Oct. 19, 1942).....	19,300.00		33,500.00	18,300.00
2 1/2% of 1950-52.....	96,000.00		1,000.00	61,000.00
2% of 1950-52 (dated Apr. 15, 1943).....	265,500.00		35,000.00	243,000.00
2 1/2% of 1951-53.....	51,400.00		22,500.00	51,400.00
2% of 1951-53.....	627,500.00		70,000.00	557,500.00
2 1/2% of 1951-54.....	101,300.00		8,200.00	93,100.00
2% of 1951-55.....	27,600.00		600.00	27,000.00
3% of 1951-55.....	685,150.00		151,000.00	534,150.00
2 1/2% of 1952-54.....	18,750.00		700.00	18,050.00
2% of 1952-54 (dated June 26, 1944).....	733,500.00		59,500.00	674,000.00
2% of 1952-54 (dated Dec. 1, 1944).....	1,361,500.00		124,500.00	1,237,000.00
2 1/2% of 1952-55.....	21,800.00		1,600.00	20,200.00
2% of 1953-55.....	61,350.00			61,350.00
2 1/2% of 1954-56.....	82,150.00		2,000.00	80,150.00
2 1/2% of 1955-60.....	1,613,500.00		170,200.00	1,443,300.00
2 1/2% of 1956-58.....	110,850.00		5,600.00	105,250.00
2 1/2% of 1956-59.....	169,950.00		29,000.00	140,950.00
2 1/2% of 1956-59.....	1,140,500.00		112,000.00	1,028,500.00
2 1/2% of 1957-59.....	41,500.00		500.00	41,000.00
2 1/2% of 1958.....	120,000.00		26,000.00	94,000.00
2 1/2% of 1958.....	75,000.00		1,000.00	74,000.00
2 1/2% of 1958-63.....	199,750.00		10,150.00	189,600.00
2 1/2% of 1960.....	111,000.00		12,000.00	99,000.00
2 1/2% of 1961.....	563,000.00		175,500.00	387,500.00
2 1/2% of 1961.....	1,219,000.00		223,000.00	996,000.00
2 1/2% of 1959-62 (dated June 1, 1945).....	3,687,500.00		1,017,000.00	2,670,500.00
2 1/2% of 1959-62 (dated Nov. 15, 1945).....	4,010,500.00		916,000.00	3,094,500.00
2 1/2% of 1960-65.....	1,127,150.00		523,900.00	603,250.00
2 1/2% of 1963.....	1,766,500.00		736,000.00	1,030,500.00

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1966 ¹
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury bonds—Continued					
3% of 1964.....	\$1,536,000.00			\$745,000.00	\$791,000.00
2½% of 1965.....	7,558,500.00			6,057,000.00	1,501,500.00
3¾% of 1966.....			\$9,315,000.00		9,315,000.00
Total Treasury bonds.....	31,264,300.00		9,315,000.00	11,405,250.00	29,174,050.00
3% Adjusted service bonds of 1945.....	1,343,700.00			111,950.00	1,231,750.00
Treasury bonds, investment series: 2½% A-1965.....			70,000.00		70,000.00
U.S. savings bonds:					
Series A-1935.....	290,950.00			25,900.00	265,050.00
Series B-1936.....	560,825.00			42,500.00	518,325.00
Series C-1937.....	597,025.00			65,325.00	531,700.00
Series C-1938.....	957,575.00			90,225.00	867,350.00
Series D-1939.....	1,476,300.00			154,025.00	1,322,275.00
Series D-1940.....	3,071,850.00			371,375.00	2,700,475.00
Series D-1941.....	3,347,625.00			357,850.00	2,989,775.00
Series F-1941.....	554,750.00			26,600.00	528,150.00
Series F-1942.....	2,243,500.00			260,350.00	1,983,150.00
Series F-1943.....	3,048,600.00			400,200.00	2,648,400.00
Series F-1944.....	2,876,450.00			494,900.00	2,381,550.00
Series F-1945.....	2,086,625.00			356,425.00	1,730,200.00
Series F-1946.....	1,204,625.00			260,750.00	943,875.00
Series F-1947.....	1,075,425.00			200,725.00	874,700.00
Series F-1948.....	724,150.00			133,500.00	590,650.00
Series F-1949.....	1,163,175.00			317,325.00	845,850.00
Series F-1950.....	1,179,750.00			292,325.00	887,425.00
Series F-1951.....	1,251,800.00			489,975.00	761,825.00
Series F-1952.....	664,775.00			157,250.00	507,525.00
Series F Unclassified.....	4 —600.00			—600.00	—
Series G-1941.....	447,500.00			38,500.00	409,000.00
Series G-1942.....	2,357,400.00			369,200.00	1,988,200.00
Series G-1943.....	4,595,200.00			718,200.00	3,877,000.00
Series G-1944.....	5,940,100.00			991,500.00	4,948,600.00
Series G-1945.....	5,568,800.00			819,000.00	4,749,800.00
Series G-1946.....	5,349,300.00			862,800.00	4,486,500.00
Series G-1947.....	6,850,000.00			1,313,200.00	5,536,800.00
Series G-1948.....	6,616,100.00			1,385,800.00	5,230,300.00

Series G-1949.....	8,373,000.00		2,191,900.00	6,181,100.00
Series G-1950.....	9,339,600.00		2,358,500.00	6,981,100.00
Series G-1951.....	9,371,300.00		3,086,300.00	6,285,000.00
Series G-1952.....	4,100,400.00		1,571,000.00	2,529,400.00
Series G Unclassified.....	⁴ -11,200.00		-9,800.00	⁴ -1,400.00
Series J-1952.....	4,135,375.00		2,446,650.00	1,688,725.00
Series J-1953.....	10,274,850.00	3,679,600.00	7,718,950.00	6,235,500.00
Series J-1954.....		14,654,375.00		14,654,375.00
Series K-1952.....	6,788,500.00		3,384,000.00	3,404,500.00
Series K-1953.....	9,772,500.00	2,177,000.00	7,165,500.00	4,784,000.00
Series K-1954.....		12,075,000.00		12,075,000.00
Total U.S. savings bonds.....	128,243,900.00	32,585,975.00	41,108,025.00	119,721,850.00
Armed Forces leave bonds:				
Series 1943:				
Apr. 1, 1943.....	18,250.00		575.00	17,675.00
July 1, 1943.....	29,100.00		1,875.00	27,225.00
Oct. 1, 1943.....	48,800.00		3,175.00	45,625.00
Series 1944:				
Jan. 1, 1944.....	48,975.00		2,850.00	46,125.00
Apr. 1, 1944.....	35,775.00		1,550.00	34,225.00
July 1, 1944.....	39,925.00		2,950.00	36,975.00
Oct. 1, 1944.....	43,025.00		3,075.00	39,950.00
Series 1945:				
Jan. 1, 1945.....	89,750.00		7,775.00	81,975.00
Apr. 1, 1945.....	75,075.00		6,425.00	68,650.00
July 1, 1945.....	178,475.00		15,050.00	163,425.00
Oct. 1, 1945.....	687,125.00		49,450.00	637,675.00
Series 1946:				
Jan. 1, 1946.....	2,766,850.00		213,975.00	2,552,875.00
Apr. 1, 1946.....	1,433,775.00		105,650.00	1,328,125.00
July 1, 1946.....	530,850.00		36,425.00	494,425.00
Oct. 1, 1946.....	600,900.00		46,425.00	554,475.00
Total Armed Forces leave bonds.....	6,626,650.00		497,225.00	6,129,425.00
Treasury notes:				
Regular series:				
5½% A-1924.....	6,200.00			6,200.00
4½% A-1925.....	1,000.00			1,000.00
4½% B-1925.....	6,600.00			6,600.00
4½% C-1925.....	5,700.00			5,700.00
4½% A-1926.....	2,600.00			2,600.00
4½% B-1926.....	1,600.00			1,600.00
4½% A-1927.....	2,200.00			2,200.00
4½% B-1927.....	9,500.00			9,500.00
3½% A-1930-32.....	80,500.00		600.00	79,900.00
3½% B-1930-32.....	9,600.00			9,600.00
3½% C-1930-32.....	6,550.00			6,550.00
3% A-1935.....	3,000.00			3,000.00

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1966 ¹
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury notes—Continued					
Regular series—Continued					
2½% C-1936	\$5,500.00				\$5,500.00
3¼% A-1937	11,600.00				11,600.00
3% B-1937	25,500.00				25,500.00
2½% B-1938	5,000.00				5,000.00
2½% D-1938	1,400.00				1,400.00
2½% A-1939	10,200.00				10,200.00
1½% B-1939	100.00				100.00
1½% C-1939	1,100.00				1,100.00
1½% C-1939	150.00				150.00
1½% A-1940	2,000.00				2,000.00
2% B-1942	3,500.00			\$500.00	3,000.00
1½% A-1943	300.00				300.00
1% C-1943	300.00				100.00
¾% A-1945	500.00			200.00	
¾% B-1945	500.00			500.00	
1½% A-1947	500.00			500.00	
1½% B-1947	26,000.00			12,000.00	14,000.00
1½% C-1947	39,000.00			1,000.00	38,000.00
1½% A-1948	8,000.00				8,000.00
1½% A-1950	10,000.00				10,000.00
1½% G-1951	4,000.00				4,000.00
1½% A-1954	36,000.00			1,000.00	35,000.00
1½% B-1954	1,000.00				1,000.00
1½% A-1955	15,000.00				15,000.00
1½% B-1955	6,000.00			1,000.00	5,000.00
1½% A-1956	1,000.00			1,000.00	
2% B-1956	5,000.00				5,000.00
2½% A-1957	32,000.00				32,000.00
2½% A-1958	75,000.00			26,000.00	49,000.00
1½% A-1959	30,000.00				30,000.00
3½% B-1959	16,000.00			10,000.00	6,000.00
3½% A-1960	191,000.00			24,000.00	167,000.00
3¼% B-1960	62,000.00			60,000.00	2,000.00
4½% C-1960	96,000.00			31,000.00	65,000.00
4% A-1961	282,000.00			41,000.00	241,000.00
3½% B-1961	60,000.00			5,000.00	55,000.00
3½% A-1962	62,000.00			20,000.00	42,000.00
4% B-1962	310,000.00			85,000.00	225,000.00
3¾% C-1962	197,000.00			76,000.00	121,000.00
4% D-1962	122,000.00			26,000.00	96,000.00
4% E-1962	130,000.00			48,000.00	82,000.00

3 1/4% F-1962	128,000.00			12,000.00	116,000.00
3 1/4% G-1962	21,000.00			13,000.00	8,000.00
3 1/4% H-1962	23,000.00			8,000.00	15,000.00
2 3/4% A-1963	176,000.00			73,000.00	103,000.00
4% B-1963	845,000.00			354,000.00	491,000.00
4 1/2% C-1963	1,729,000.00			771,000.00	958,000.00
3 1/4% D-1963	89,000.00			26,000.00	63,000.00
3 1/4% E-1963	27,000.00			10,000.00	17,000.00
4 3/4% A-1964	6,439,000.00			3,217,000.00	3,222,000.00
5% B-1964	11,145,000.00			6,001,000.00	5,144,000.00
4 1/2% C-1964	2,663,000.00			1,730,000.00	933,000.00
3 3/4% D-1964	470,000.00			227,000.00	243,000.00
3 3/4% E-1964	819,000.00			595,000.00	224,000.00
3 3/4% F-1964	853,000.00			820,000.00	33,000.00
4 5/8% A-1965	9,295,000.00			8,169,000.00	1,126,000.00
3 1/4% B-1965			\$316,000.00		316,000.00
3 1/4% C-1965	2,654,000.00			2,454,000.00	200,000.00
3 1/4% D-1965 (dated Feb. 15, 1964)			15,000.00		15,000.00
3 1/4% D-1965 (dated Apr. 8, 1964)			247,000.00		247,000.00
4% E-1965			841,000.00		841,000.00
3 3/4% B-1966			1,071,000.00		1,071,000.00
3 1/4% C-1966			311,000.00		311,000.00
4% D-1966			2,762,000.00		2,762,000.00
1 1/2% EA-1956	1,000.00				1,000.00
1 1/2% EO-1957	10,000.00				10,000.00
1 1/2% EA-1958	12,000.00			2,000.00	
1 1/2% EO-1958	1,000.00				1,000.00
1 1/2% EA-1961	10,000.00				10,000.00
1 1/2% EO-1961	8,000.00				8,000.00
1 1/2% EA-1962	29,000.00				29,000.00
1 1/2% EO-1962	5,000.00				5,000.00
1 1/2% EA-1963	23,000.00			3,000.00	20,000.00
1 1/2% EO-1963	17,000.00			16,000.00	1,000.00
1 1/2% EA-1964	238,000.00			27,000.00	211,000.00
1 1/2% EO-1964	279,000.00			49,000.00	230,000.00
1 1/2% EA-1965	504,000.00			308,000.00	196,000.00
1 1/2% EO-1965			211,000.00		211,000.00
1 1/2% EA-1966			526,000.00		526,000.00
Tax series:					
A-1943	7,200.00			1,300.00	5,900.00
B-1943	1,600.00				1,600.00
A-1944	7,825.00			75.00	7,750.00
B-1944	2,000.00				2,000.00
A-1945	82,900.00			5,625.00	77,275.00
Savings series:					
C-1946	55,300.00			5,000.00	50,300.00
C-1947	129,900.00			7,100.00	122,800.00
C-1948	88,700.00			2,800.00	85,900.00
C-1949	11,500.00			500.00	11,000.00
C-1950	7,100.00				7,100.00
C-1951	900.00				900.00

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1966 ¹
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury notes—Continued					
Savings series—Continued					
D-1951.....	\$5,200.00				\$5,200.00
D-1952.....	15,800.00				15,800.00
D-1953.....	79,900.00			\$5,300.00	74,600.00
D-1954.....	2,000.00			2,000.00	
A-1954.....	26,500.00			1,100.00	25,400.00
A-1955.....	57,100.00			10,100.00	47,000.00
B-1955.....	9,500.00			5,000.00	4,500.00
C-1955-A.....	1,800.00			1,800.00	
A-1956.....	20,400.00			20,000.00	400.00
Total Treasury notes.....	41,144,825.00		\$6,300,000.00	25,423,000.00	22,021,825.00
Certificates of indebtedness:					
Tax series:					
4½% T-10.....	1,000.00				1,000.00
4½% TM-1921.....	500.00				500.00
6% TJ-1921.....	1,500.00				1,500.00
6% TS-1921.....	1,500.00				1,500.00
6% TD-1921.....	2,000.00				2,000.00
5½% TS2-1921.....	1,000.00				1,000.00
5½% TM-1922.....	1,000.00				1,000.00
4½% TS2-1922.....	500.00				500.00
4½% TD-1922.....	1,000.00				1,000.00
4½% TM-1923.....	1,000.00				1,000.00
3½% TS-1923.....	500.00				500.00
4½% TM-1924.....	1,000.00				1,000.00
4% TM-1925.....	1,000.00				1,000.00
4½% TJ-1929.....	1,100.00				1,100.00
5½% TM-1930.....	2,000.00				2,000.00
1½% TS-1932.....	3,500.00				3,500.00
3½% TM-1933.....	12,500.00				12,500.00
2% First-Matured Mar. 15, 1933.....	4,100.00				4,100.00
4½% TD-2-1933.....	1,000.00				1,000.00
Regular:					
4½% IVA-1918.....	500.00				500.00
5½% G-1920.....	1,000.00				1,000.00
5½% H-1921.....	500.00				500.00
5½% A-1922.....	1,000.00				1,000.00
3½% A-1933.....	500.00				500.00
7½% B-1944.....	22,000.00			11,000.00	11,000.00
7½% E-1944.....	16,000.00				16,000.00
7½% A-1945.....	63,000.00			3,000.00	60,000.00
7½% C-1945.....	11,000.00			8,000.00	3,000.00
7½% E-1946.....	15,000.00			4,000.00	11,000.00
7½% K-1946.....	9,000.00				9,000.00

1 1/2% E-1947	51,000.00			51,000.00
1 1/2% F-1947	1,000.00			1,000.00
1 1/2% C-1948	2,000.00			2,000.00
1 1/2% A-1950	4,000.00		1,000.00	3,000.00
1 1/2% C-1952	1,000.00			1,000.00
2 1/2% B-1954	18,000.00		1,000.00	17,000.00
2 1/2% E-1954	6,000.00		4,000.00	2,000.00
3 1/2% A-1958	15,000.00			15,000.00
4% C-1958	6,000.00			6,000.00
1 1/2% B-1959	10,000.00		10,000.00	
3 1/2% E-1959	4,000.00		4,000.00	
3 1/2% A-1960	2,000.00			2,000.00
4 1/2% C-1960	86,000.00			86,000.00
4 1/2% A-1961	39,000.00			39,000.00
4 1/2% B-1961	10,000.00			10,000.00
3 1/2% C-1961	3,000.00			3,000.00
3% A-1962	1,000.00			1,000.00
3 1/2% B-1963	9,000.00			9,000.00
3 1/2% C-1963	49,000.00		15,000.00	34,000.00
3 1/2% D-1963	20,000.00			20,000.00
3 1/2% A-1964	7,000.00		2,000.00	5,000.00
3 1/2% B-1964	6,000.00		1,000.00	5,000.00
Total certificates of indebtedness	527,200.00		64,000.00	463,200.00
Treasury bills, maturity date:				
Regular:				
June 5, 1940	30,000.00			30,000.00
Jan. 14, 1942	4,000.00			4,000.00
Feb. 3, 1943	1,000.00			1,000.00
July 29, 1954	5,000.00			5,000.00
May 19, 1955	1,000.00			1,000.00
Oct. 24, 1957	8,000.00		8,000.00	
Apr. 24, 1958	15,000.00			15,000.00
Other (fixed price):				
May 15, 1959	11,000.00		10,000.00	1,000.00
Regular:				
Sept. 3, 1959	20,000.00			20,000.00
Dec. 10, 1959	2,000.00		2,000.00	
Jan. 14, 1960	1,000.00			1,000.00
Tax anticipation:				
Mar. 22, 1960	30,000.00		30,000.00	
Other:				
Apr. 15, 1960	44,000.00			44,000.00
Tax anticipation:				
June 22, 1960	7,000.00			7,000.00
Other:				
July 15, 1960	36,000.00			36,000.00
Regular:				
July 21, 1960	5,000.00			5,000.00
July 28, 1960	6,000.00			6,000.00
Aug. 4, 1960	12,000.00			12,000.00
Aug. 11, 1960	3,000.00			3,000.00
Sept. 29, 1960	20,000.00			20,000.00
Oct. 17, 1960	13,000.00		10,000.00	3,000.00

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1966
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury bills, maturity date—Continued					
Other:					
Jan. 15, 1961	\$120,000.00			\$30,000.00	\$90,000.00
Regular:					
Jan. 26, 1961	1,000.00				1,000.00
Apr. 20, 1961	1,000.00			1,000.00	
July 27, 1961	10,000.00				10,000.00
Oct. 5, 1961	100,000.00				100,000.00
Other:					
Jan. 15, 1962	7,000.00			7,000.00	
Regular:					
Feb. 1, 1962	6,000.00			5,000.00	1,000.00
Mar. 1, 1962	7,000.00				7,000.00
Tax anticipation:					
Mar. 23, 1962	25,000.00				25,000.00
Other:					
July 15, 1962	12,000.00				12,000.00
Regular:					
Feb. 7, 1963	1,000.00			1,000.00	
Apr. 18, 1963	20,000.00			20,000.00	
May 9, 1963	20,000.00			10,000.00	10,000.00
Other:					
Oct. 15, 1963	5,000.00			5,000.00	
Regular:					
Nov. 7, 1963	39,000.00			39,000.00	
Nov. 21, 1963	22,000.00				22,000.00
Jan. 2, 1964	3,000.00				3,000.00
Other:					
Jan. 15, 1964	58,000.00			25,000.00	33,000.00
Regular:					
Feb. 6, 1964	9,000.00			9,000.00	
Other:					
Apr. 15, 1964	88,000.00			51,000.00	37,000.00
Regular:					
June 11, 1964	5,000.00				5,000.00
June 18, 1964	120,000.00			120,000.00	
Other:					
July 15, 1964	65,000.00			7,000.00	58,000.00
Regular:					
Aug. 6, 1964	25,000.00				25,000.00
Aug. 13, 1964	40,000.00			40,000.00	
Aug. 27, 1964	5,000.00			5,000.00	
Other:					
Aug. 31, 1964	32,000.00			32,000.00	

Regular:				
Sept. 3, 1964	2,000.00		2,000.00	
Sept. 17, 1964	300,000.00		300,000.00	
Sept. 24, 1964	6,000.00		6,000.00	
Other:				
Sept. 30, 1964	25,000.00		25,000.00	
Regular:				
Oct. 8, 1964	1,000.00			1,000.00
Oct. 15, 1964	14,000.00		14,000.00	
Oct. 22, 1964	129,000.00		129,000.00	
Oct. 29, 1964	11,000.00		11,000.00	
Other:				
Oct. 31, 1964	5,000.00		5,000.00	
Regular:				
Nov. 5, 1964	11,000.00		11,000.00	
Nov. 19, 1964	1,000.00		1,000.00	
Nov. 27, 1964	26,000.00		26,000.00	
Other:				
Nov. 30, 1964	5,000.00		5,000.00	
Regular:				
Dec. 10, 1964	20,000.00		20,000.00	
Dec. 24, 1964	50,000.00		50,000.00	
Other:				
Dec. 31, 1964	315,000.00		315,000.00	
Regular:				
Jan. 7, 1965	30,000.00		15,000.00	15,000.00
Jan. 14, 1965	43,000.00		33,000.00	10,000.00
Other:				
Jan. 31, 1965	17,000.00		12,000.00	5,000.00
Regular:				
Feb. 4, 1965	36,000.00		26,000.00	10,000.00
Feb. 25, 1965	50,000.00		50,000.00	
Other:				
Feb. 28, 1965	90,000.00		80,000.00	10,000.00
Regular:				
Mar. 4, 1965	43,000.00		31,000.00	12,000.00
Mar. 11, 1965	173,000.00		148,000.00	25,000.00
Mar. 18, 1965	46,000.00		46,000.00	
Tax anticipation:				
Mar. 22, 1965	1,000.00		1,000.00	
Regular:				
Mar. 25, 1965	21,000.00		21,000.00	
Other:				
Mar. 31, 1965	95,000.00		95,000.00	
Regular:				
Apr. 1, 1965	76,000.00		71,000.00	5,000.00
Apr. 8, 1965	63,000.00		51,000.00	12,000.00
Apr. 15, 1965	194,000.00		194,000.00	
Apr. 22, 1965	140,000.00		140,000.00	
Apr. 29, 1965	25,000.00		25,000.00	
Other:				
Apr. 30, 1965	144,000.00		142,000.00	2,000.00

Footnotes at end of table.

TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1966 ¹
MATURED DEBT ON WHICH INTEREST HAS CEASED—Con.					
Treasury bills, maturity date—Continued					
Regular:					
May 6, 1965	\$224,000.00			\$224,000.00	
May 13, 1965	106,000.00			106,000.00	
May 20, 1965	209,000.00			209,000.00	
May 27, 1965	239,000.00			219,000.00	\$20,000.00
Other:					
May 31, 1965	619,000.00			544,000.00	75,000.00
Regular:					
June 3, 1965	622,000.00			622,000.00	
June 10, 1965	904,000.00			894,000.00	10,000.00
June 17, 1965	1,586,000.00			1,586,000.00	
Tax anticipation:					
June 22, 1965	45,132,000.00			45,032,000.00	100,000.00
Regular:					
June 24, 1965	1,847,000.00			1,847,000.00	
Other:					
June 30, 1965	11,671,000.00			11,608,000.00	63,000.00
Regular:					
July 8, 1965			\$110,000.00		110,000.00
July 22, 1965			52,000.00		52,000.00
Other:					
July 31, 1965			3,000.00		3,000.00
Regular:					
Aug. 5, 1965			13,000.00		13,000.00
Aug. 19, 1965			16,000.00		16,000.00
Aug. 26, 1965			26,000.00		26,000.00
Other:					
Aug. 31, 1965			75,000.00		75,000.00
Regular:					
Sept. 16, 1965			19,000.00		19,000.00
Other:					
Sept. 30, 1965			78,000.00		78,000.00
Regular:					
Oct. 7, 1965			6,000.00		6,000.00
Oct. 21, 1965			10,000.00		10,000.00
Oct. 28, 1965			2,000.00		2,000.00
Other:					
Oct. 31, 1965			34,000.00		34,000.00
Regular:					
Nov. 4, 1965			1,000.00		1,000.00
Nov. 18, 1965			9,000.00		9,000.00
Other:					
Nov. 30, 1965			41,000.00		41,000.00

Regular:				
Dec. 16, 1965			7,000.00	7,000.00
Dec. 30, 1965			73,000.00	73,000.00
Other:				
Dec. 31, 1965			46,000.00	46,000.00
Regular:				
Jan. 6, 1966			20,000.00	20,000.00
Jan. 13, 1966			9,000.00	9,000.00
Jan. 20, 1966			200,000.00	200,000.00
Jan. 27, 1966			20,000.00	20,000.00
Other:				
Jan. 31, 1966			49,000.00	49,000.00
Regular:				
Feb. 3, 1966			17,000.00	17,000.00
Feb. 10, 1966			46,000.00	46,000.00
Feb. 17, 1966			95,000.00	95,000.00
Feb. 24, 1966			43,000.00	43,000.00
Other:				
Feb. 28, 1966			83,000.00	83,000.00
Regular:				
Mar. 3, 1966			18,000.00	18,000.00
Mar. 10, 1966			36,000.00	36,000.00
Mar. 17, 1966			165,000.00	165,000.00
Tax anticipation:				
Mar. 22, 1966			125,000.00	125,000.00
Regular:				
Mar. 24, 1966			45,000.00	45,000.00
Other:				
Mar. 31, 1966			145,000.00	145,000.00
Regular:				
Apr. 7, 1966			78,000.00	78,000.00
Apr. 14, 1966			33,000.00	33,000.00
Apr. 21, 1966			1,112,000.00	1,112,000.00
Apr. 28, 1966			170,000.00	170,000.00
Other:				
Apr. 30, 1966			440,000.00	440,000.00
Regular:				
May 5, 1966			542,000.00	542,000.00
May 12, 1966			162,000.00	162,000.00
May 19, 1966			295,000.00	295,000.00
May 26, 1966			405,000.00	405,000.00
Other:				
May 31, 1966			515,000.00	515,000.00
Regular:				
June 2, 1966			654,000.00	654,000.00
June 9, 1966			673,000.00	673,000.00
June 16, 1966			1,601,000.00	1,601,000.00
Tax anticipation:				
June 22, 1966			80,840,000.00	80,840,000.00
Regular:				
June 23, 1966			2,689,000.00	2,689,000.00

Footnotes at end of table.

TABLES

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TABLE 43.—Changes in public debt issues, fiscal year 1966—Continued

Issues	Outstanding June 30, 1965	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1966 ¹
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury bills, maturity date—Continued					
Other:					
June 30, 1966			\$24,532,000.00		\$24,532,000.00
Total Treasury bills	\$66,487,000.00		116,478,000.00	\$65,459,000.00	117,506,000.00
Treasury savings certificates:					
Issued Dec. 15, 1921	7,900.00				7,900.00
Issued Sept. 30, 1922	47,475.00			25.00	47,450.00
Issued Dec. 1, 1923	15,275.00				15,275.00
Total Treasury savings certificates	70,650.00			25.00	70,625.00
Total matured debt on which interest has ceased	282,527,965.26		164,748,975.00	144,197,885.00	303,079,055.26
DEBT BEARING NO INTEREST					
U.S. savings stamps	54,846,511.56	\$18,990,548.15		17,935,994.75	55,901,064.96
Excess profits tax refund bonds:					
First Series	380,216.47			24,585.81	355,630.66
Second Series	295,611.40			28,023.01	267,588.39
Special notes of the United States:					
International Monetary Fund, various issue dates	3,167,000,000.00	582,000,000.00		135,000,000.00	3,614,000,000.00
International Development Association, various issue dates	138,000,000.00			74,000,000.00	64,000,000.00
Inter-American Development Bank, various issue dates	150,000,000.00			18,500,000.00	131,500,000.00
Special bonds of the United States:					
U.N. Special Fund Series	74,613,886.00	3,325,938.00		40,061,834.00	37,877,990.00
U.N./F.A.O. Food Program Series	2,361,904.00			2,361,904.00	
U.S. notes (less gold reserve)	166,641,585.07			142,000.00	166,499,585.07
Old demand notes	52,917.50				52,917.50
National and Federal Reserve bank notes	91,075,885.00			4,813,965.00	86,261,920.00
Fractional currency	1,965,189.68			35.23	1,965,154.45
Old series currency	17,520,573.50			11,923,458.50	5,597,115.00
Thrift and Treasury savings stamps	3,700,395.00			773.50	3,699,621.50
Total debt bearing no interest	3,868,454,675.18	604,316,486.15		304,792,573.80	4,167,978,587.53
Total gross public debt ⁶	317,215,471,256.43	251,082,812,443.77		248,447,053,757.34	319,851,229,942.86

¹ Reconciliation by classes to the basis of the daily Treasury statement is shown in summary table 35.

² Treasury bills are shown at maturity value.

³ Amounts issued and retired for Series E and J include accrued discount; amounts outstanding are stated at current redemption values. Amounts issued, retired, and

⁴ Consists of issues in which there have been no transactions since the fiscal year 1966; for amount of each issue outstanding (unchanged since June 30, 1966) see 1966 annual report, page 435.

⁶ Includes public debt incurred to finance expenditures of wholly owned Government corporations and other business-type activities in exchange for which their securities

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966*

(On basis of daily Treasury statements, supplemented by special statements by the Bureau of the Public Debt on public debt transactions)

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
		Percent		
1965	Treasury bills:			
July 1	Regular weekly:			
	Dated Dec. 31, 1964.....	4 3.938		
	Redeemed in exchange for series issued July 1, 1965, due Sept. 30, 1965.....			\$213,075,000.00
	Redeemed in exchange for series dated July 1, 1965, due Dec. 30, 1965.....			152,532,000.00
	Redeemable for cash.....			1,836,536,000.00
1	Maturing Sept. 30, 1965.....	3.785		
	Issued in exchange for series dated Dec. 31, 1964.....		\$213,075,000.00	
	Issued for cash.....		987,322,000.00	
1	Maturing Dec. 30, 1965.....	3.826		
	Issued in exchange for series dated Dec. 31, 1964.....		152,532,000.00	
	Issued for cash.....		847,626,000.00	
1	Certificates of indebtedness, foreign series, maturing:			
	July 1, 1965.....	3.95		100,000,000.00
	Oct. 1, 1965.....	3.80	100,000,000.00	
2	Sept. 8, 1965.....	3.80		5,000,000.00
6	Treasury notes, foreign series, maturing:			
	July 6, 1965.....	4.03		125,000,000.00
	Oct. 6, 1966.....	3.97	125,000,000.00	
	Treasury bills:			
	Other:			
7	Maturing June 30, 1966.....	3.807		
	Issued for cash.....		35,000.00	
7	Certificates of indebtedness, foreign series, maturing Aug. 25, 1965.....	3.90		100,000,000.00
	Treasury bills:			
	Regular weekly:			
8	Dated Jan. 7, 1965.....	4 3.935		
	Redeemed in exchange for series issued July 8, 1965, due Oct. 7, 1965.....			249,006,000.00
	Redeemed in exchange for series dated July 8, 1965, due Jan. 6, 1966.....			122,415,000.00
	Redeemable for cash.....			1,833,760,000.00
8	Maturing Oct. 7, 1965.....	3.853		
	Issued in exchange for series dated Jan. 7, 1965.....		249,006,000.00	
	Issued for cash.....		952,397,000.00	
8	Maturing Jan. 6, 1966.....	3.890		
	Issued in exchange for series dated Jan. 7, 1965.....		122,415,000.00	
	Issued for cash.....		878,489,000.00	
9	Treasury bonds, foreign currency series, maturing:			
	July 9, 1965.....	3.71		27,720,027.72
	Nov. 9, 1966.....	3.98	27,714,906.00	
12	July 11, 1965.....	3.55		25,112,377.89
12	Certificates of indebtedness, foreign series, maturing:			
	July 12, 1965.....	3.75		5,000,000.00
	Oct. 13, 1965.....	3.75	5,000,000.00	
	Treasury bills:			
	Regular weekly:			
15	Dated Jan. 14, 1965.....	4 3.939		
	Redeemed in exchange for series issued July 15, 1965, due Oct. 14, 1965.....			217,405,000.00
	Redeemed in exchange for series dated July 15, 1965, due Jan. 13, 1966.....			112,469,000.00
	Redeemable for cash.....			1,871,861,000.00
15	Maturing Oct. 14, 1965.....	3.884		
	Issued in exchange for series dated Jan. 14, 1965.....		217,405,000.00	
	Issued for cash.....		984,411,000.00	
15	Maturing Jan. 13, 1966.....	3.933		
	Issued in exchange for series dated Jan. 14, 1965.....		112,469,000.00	
	Issued for cash.....		888,242,000.00	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965				
July 19	Certificates of indebtedness, foreign series, maturing:	Percent		
	Sept. 22, 1965.....	3.75		\$10,000,000.00
20	Sept. 30, 1965.....	2.00		35,000,000.00
	Treasury bills:			
	Regular weekly:			
22	Dated Jan. 21, 1965.....	4 3.952		
	Redeemed in exchange for series issued July 22, 1965, due Oct. 21, 1965.....			233,128,000.00
	Redeemed in exchange for series dated July 22, 1965, due Jan. 20, 1966.....			152,461,000.00
	Redeemable for cash.....			1,817,026,000.00
22	Maturing Oct. 21, 1965.....	3.833		
	Issued in exchange for series dated Jan. 21, 1965.....		\$233,128,000.00	
	Issued for cash.....		968,826,000.00	
22	Maturing Jan. 20, 1966.....	3.913		
	Issued in exchange for series dated Jan. 21, 1965.....		152,461,000.00	
	Issued for cash.....		852,176,000.00	
22	Certificates of indebtedness, foreign series, maturing:			
	Sept. 30, 1965.....	2.00	35,000,000.00	
26	Sept. 30, 1965.....	2.00		38,000,000.00
26	Treasury bonds, foreign currency series, maturing:			
	July 26, 1965.....	3.93		50,334,725.93
	Sept. 1, 1966.....	3.97	49,875,311.72	
	Treasury bills:			
	Regular weekly:			
29	Dated Jan. 28, 1965.....	4 3.930		
	Redeemed in exchange for series issued July 29, 1965, due Oct. 28, 1965.....			256,120,000.00
	Redeemed in exchange for series dated July 29, 1965, due Jan. 27, 1966.....			152,248,000.00
	Redeemable for cash.....			1,795,963,000.00
29	Maturing Oct. 28, 1965.....	3.803		
	Issued in exchange for series dated Jan. 28, 1965.....		256,120,000.00	
	Issued for cash.....		944,833,000.00	
29	Maturing Jan. 27, 1966.....	3.873		
	Issued in exchange for series dated Jan. 28, 1965.....		152,248,000.00	
	Issued for cash.....		848,338,000.00	
29	Certificates of indebtedness, foreign series, maturing:			
	Sept. 30, 1965.....	2.00		107,000,000.00
30	Aug. 18, 1965.....	3.90		50,000,000.00
	Sept. 8, 1965.....	3.80		13,000,000.00
	Sept. 22, 1965.....	3.75		15,000,000.00
	Sept. 30, 1965.....	3.75		20,000,000.00
	Oct. 1, 1965.....	3.80		100,000,000.00
	Oct. 13, 1965.....	3.75		5,000,000.00
	Oct. 29, 1965.....	2.00	250,000,000.00	
30	Treasury bonds, foreign currency series, maturing:			
	Oct. 31, 1966.....	3.95	23,171,749.00	
	Jan. 30, 1967.....	4.03	124,849,939.98	
31	Treasury certificates, maturing:			
	July 31, 1965.....	3.54		61,606,974.14
	Aug. 31, 1965.....	3.44	61,782,938.85	
31	U.S. savings bonds: ⁴			
	Series E-1941.....	3 3.223	575,197.40	1,797,726.70
	Series E-1942.....	3 3.252	4,501,326.06	7,155,428.53
	Series E-1943.....	3 3.277	4,829,615.25	11,590,523.72
	Series E-1944.....	3 3.298	9,640,427.54	15,741,996.08
	Series E-1945.....	3 3.316	5,374,053.70	18,106,931.81
	Series E-1946.....	3 3.327	4,313,996.22	6,799,280.98
	Series E-1947.....	3 3.346	5,044,190.05	6,854,220.91
	Series E-1948.....	3 3.366	5,170,965.15	7,741,603.36
	Series E-1949.....	3 3.344	5,422,815.35	7,776,914.80
	Series E-1950.....	3 3.347	5,366,030.69	7,717,001.70
	Series E-1951.....	3 3.378	4,138,872.51	6,832,365.84
	Series E-1952 (January to April).....	3 3.400	2,318,083.95	2,256,309.68
	Series E-1952 (May to December).....	3 3.451	3,395,661.52	5,667,204.07

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965 July 31	U.S. savings bonds ⁴ —Continued	Percent		
	Series E-1953.....	3.468	\$4,002,127.94	\$10,424,253.87
	Series E-1954.....	3.497	4,271,734.61	12,619,814.32
	Series E-1955.....	3.522	4,931,030.51	18,403,992.12
	Series E-1956.....	3.546	7,785,662.44	8,734,691.96
	Series E-1957 (January).....	3.560	3,318,685.99	675,500.77
	Series E-1957 (February to December).....	3.653	3,332,986.43	8,481,075.34
	Series E-1958.....	3.690	7,508,267.44	9,059,391.40
	Series E-1959 (January to May).....	3.730	3,947,257.27	3,947,508.07
	Series E-1959 (June to December).....	3.750	2,918,639.45	6,041,030.21
	Series E-1960.....	3.750	7,513,502.08	10,439,407.51
	Series E-1961.....	3.750	8,270,855.46	13,072,388.73
	Series E-1962.....	3.750	7,662,103.19	13,955,156.03
	Series E-1963.....	3.750	10,058,210.90	21,904,403.26
	Series E-1964.....	3.750	8,532,941.59	52,953,260.17
	Series E-1965.....	3.750	304,859,964.05	80,515,612.50
	Unclassified sales and redemptions.....		48,001,861.97	38,890,146.54
	Series H-1952.....	3.392		37,500.00
	Series H-1953.....	3.409		123,000.00
	Series H-1954.....	3.439		255,000.00
	Series H-1955.....	3.467		4,691,500.00
	Series H-1956.....	3.496		263,000.00
	Series H-1957 (January).....	3.520		1,500.00
	Series H-1957 (February to December).....	3.626		145,500.00
	Series H-1958.....	3.679		147,000.00
	Series H-1959 (January to May).....	3.720		118,500.00
	Series H-1959 (June to December).....	3.750		78,500.00
	Series H-1960.....	3.750		431,000.00
	Series H-1961.....	3.750		187,000.00
	Series H-1962.....	3.750		216,000.00
	Series H-1963.....	3.750	7,500.00	188,000.00
	Series H-1964.....	3.750	18,000.00	185,500.00
	Series H-1965.....	3.750	46,893,000.00	27,000.00
	Unclassified sales and redemptions.....		9,224,000.00	30,344,500.00
	Series J-1953.....	2.76	90,276.00	3,826,251.80
	Series J-1954.....	2.76	372,030.80	37,069.20
	Series J-1955.....	2.76	391,915.74	199,913.38
	Series J-1956.....	2.76	352,362.40	9,074.15
	Series J-1957.....	2.76	99,162.00	3,994.90
	Unclassified redemptions.....			3,578,736.33
	Series K-1953.....	2.76		5,889,000.00
	Series K-1954.....	2.76		147,500.00
	Series K-1955.....	2.76		110,500.00
	Series K-1956.....	2.76		154,500.00
	Series K-1957.....	2.76		6,500.00
	Unclassified redemptions.....			10,646,000.00
31	Treasury bonds of 1974.....	4½		
	Adjustments of issues ⁷		127,000.00	
31	U.S. retirement plan bonds.....	3.75	112,628.06	20,851.76
31	Depository bonds, First Series.....	2.00	501,000.00	9,343,000.00
31	Treasury bonds, R.E.A. Series.....	2.00	160,000.00	163,000.00
31	Treasury bonds, Investment Series B-1975-80. Redeemed in exchange for 1½% Treasury notes, Series EA-1970.....	2¾		
	Treasury notes, Series EA-1970.....	1½	826,000.00	826,000.00
31	Miscellaneous.....			29,798,500.00
	Total July.....		12,372,130,787.26	12,427,034,638.18
	Treasury bills:			
	Other:			
Aug. 2 ⁸	Dated Aug. 4, 1964.....	3.644		
	Redeemed in exchange for series dated July 31, 1965, due July 31, 1966.....			136,256,000.00
	Redeemable for cash.....			864,206,000.00
2	Maturing July 31, 1966.....	3.875		
	Issued in exchange for series dated Aug. 4, 1964.....		136,256,000.00	
	Issued for cash.....		863,991,000.00	
5	Regular weekly:			
	Dated Feb. 4, 1965.....	3.932		
	Redeemed in exchange for series issued Aug. 5, 1965, due Nov. 4, 1965.....			259,122,000.00
	Redeemed in exchange for series dated Aug. 5, 1965, due Feb. 3, 1966.....			151,899,000.00
	Redeemable for cash.....			1,793,095,000.00

Footnotes at end of table.

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TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965	Treasury bills—Continued			
Aug. 5	Regular weekly—Continued	Percent		
	Maturing Nov. 4, 1965.....	3.832		
	Issued in exchange for series dated Feb. 4, 1965.....		\$259,122,000.00	
	Issued for cash.....		942,277,000.00	
5	Maturing Feb. 3, 1966.....	3.927		
	Issued in exchange for series dated Feb. 4, 1965.....		151,899,000.00	
	Issued for cash.....		849,056,000.00	
5	Certificates of indebtedness, foreign series, maturing:			
	Sept. 30, 1965.....	2.00		\$80,000,000.00
6	Sept. 30, 1965.....	2.00		30,000,000.00
9	Sept. 30, 1965.....	2.00		15,000,000.00
	Sept. 30, 1965.....	2.00		5,000,000.00
10	Oct. 29, 1965.....	2.00		105,000,000.00
	Nov. 10, 1965.....	3.75	40,000,000.00	
11	Nov. 12, 1965.....	3.85	25,000,000.00	
	Treasury bills:			
	Regular weekly:			
12	Dated Feb. 11, 1965.....	4 3.936		
	Redeemed in exchange for series issued Aug. 12, 1965, due Nov. 12, 1965.....			149,472,000.00
	Redeemed in exchange for series dated Aug. 12, 1965, due Feb. 10, 1966.....			102,425,000.00
	Redeemable for cash.....			1,950,308,000.00
12	Maturing Nov. 12, 1965.....	3.846		
	Issued in exchange for series dated Feb. 11, 1965.....		149,472,000.00	
	Issued for cash.....		1,051,503,000.00	
12	Maturing Feb. 10, 1966.....	3.943		
	Issued in exchange for series dated Feb. 11, 1965.....		102,425,000.00	
	Issued for cash.....		897,699,000.00	
13	Treasury notes, Series D-1965.....	3%		
	Redeemed in exchange for:			
	4% Treasury notes, Series C-1967.....			5,150,687,000.00
	4% Treasury bonds of 1969 (dated Aug. 15, 1962).....			1,884,275,000.00
	Redeemable for cash.....			233,337,000.00
13	Treasury notes, Series C-1967.....	4.00		
	Issued in exchange for:			
	3 3/4% Treasury notes, Series D-1965.....		5,150,687,000.00	
13	Treasury bonds of 1969 (dated Aug. 15, 1962).....	4.00		
	Issued in exchange for:			
	3 3/4% Treasury notes, Series D-1965.....		1,884,275,000.00	
13	Certificates of indebtedness, foreign series, maturing:			
	Oct. 29, 1965.....	2.00		15,000,000.00
16	Oct. 29, 1965.....	2.00		45,000,000.00
17	Oct. 29, 1965.....	2.00		50,000,000.00
18	Oct. 29, 1965.....	2.00		10,000,000.00
19	Oct. 29, 1965.....	2.00		10,000,000.00
	Treasury bills:			
	Regular weekly:			
19	Dated Feb. 18, 1965.....	4 3.951		
	Redeemed in exchange for series issued Aug. 19, 1965, due Nov. 18, 1965.....			232,322,000.00
	Redeemed in exchange for series dated Aug. 19, 1965, due Feb. 17, 1966.....			152,831,000.00
	Redeemable for cash.....			1,816,096,000.00
19	Maturing Nov. 18, 1965.....	3.813		
	Issued in exchange for series dated Feb. 18, 1965.....		232,322,000.00	
	Issued for cash.....		968,458,000.00	
19	Maturing Feb. 17, 1966.....	3.923		
	Issued in exchange for series dated Feb. 18, 1965.....		152,831,000.00	
	Issued for cash.....		847,720,000.00	
23	Certificates of indebtedness, foreign series, maturing:			
	Oct. 29, 1965.....	2.00		5,000,000.00
24	Nov. 24, 1965.....	3.75	10,000,000.00	
25	Oct. 29, 1965.....	2.00		5,000,000.00
	Nov. 26, 1965.....	3.85	40,000,000.00	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965				
Aug. 25	Treasury bonds, foreign currency series, maturing:	Percent		
	Aug. 25, 1965.....	3.37		\$69,521,690.77
	Nov. 25, 1966.....	3.95	\$69,465,348.37	
	Treasury bills:			
	Regular weekly:			
26	Dated Feb. 25, 1965.....	4.3.960		
	Redeemed in exchange for series issued Aug. 26, 1965, due Nov. 26, 1965.....			237,837,000.00
	Redeemed in exchange for series dated Aug. 26, 1965, due Feb. 24, 1966.....			166,512,000.00
	Redeemable for cash.....			1,798,697,000.00
26	Maturing Nov. 26, 1965.....	3.855		
	Issued in exchange for series dated Feb. 25, 1965.....		237,837,000.00	
	Issued for cash.....		962,574,000.00	
26	Maturing Feb. 24, 1966.....	3.955		
	Issued in exchange for series dated Feb. 25, 1965.....		166,512,000.00	
	Issued for cash.....		833,869,000.00	
26	Certificates of indebtedness, foreign series, maturing:			
	Oct. 29, 1965.....	2.00		5,000,000.00
27	Nov. 28, 1965.....	3.85	150,000,000.00	
	Nov. 26, 1965.....	3.85	2,000,000.00	
30	Nov. 26, 1965.....	3.85	58,000,000.00	
30	Treasury bonds, foreign currency series, maturing:			
	Aug. 28, 1965.....	3.66		50,227,278.43
	Oct. 3, 1966.....	4.07	49,838,026.41	
	Treasury bills:			
	Other:			
31	Dated Aug. 31, 1964.....	3.688		
	Redeemed in exchange for series dated Aug. 31, 1965, due Aug. 31, 1966.....			138,285,000.00
	Redeemable for cash.....			862,154,000.00
31	Maturing Aug. 31, 1966.....	4.006		
	Issued in exchange for series dated Aug. 31, 1964.....		138,285,000.00	
	Issued for cash.....		861,992,000.00	
31	Treasury certificates, maturing:			
	Aug. 31, 1965.....	3.44		61,782,938.85
	Sept. 30, 1965.....	3.784		6,465,237.90
	Sept. 30, 1965.....	3.54	61,954,421.20	
31	U.S. savings bonds: ⁵			
	Series E-1941.....	* 3.223	369,417.90	2,260,903.60
	Series E-1942.....	* 3.252	2,691,017.75	9,618,115.27
	Series E-1943.....	* 3.277	3,726,528.89	14,923,882.89
	Series E-1944.....	* 3.298	6,944,538.95	19,778,907.09
	Series E-1945.....	* 3.316	3,588,719.48	21,506,698.96
	Series E-1946.....	* 3.327	3,259,027.30	8,321,187.91
	Series E-1947.....	* 3.346	3,476,724.28	8,926,485.34
	Series E-1948.....	* 3.366	3,748,508.43	10,029,847.23
	Series E-1949.....	* 3.344	4,050,558.81	10,103,557.15
	Series E-1950.....	* 3.347	3,866,850.44	9,813,705.91
	Series E-1951.....	* 3.378	3,216,345.47	8,974,551.54
	Series E-1952 (January to April).....	* 3.400	1,724,890.19	3,139,056.16
	Series E-1952 (May to December).....	* 3.451	4,212,386.10	7,105,218.49
	Series E-1953.....	* 3.468	4,726,065.86	13,340,467.11
	Series E-1954.....	* 3.497	5,200,968.42	16,276,850.80
	Series E-1955.....	* 3.522	4,004,810.54	24,109,652.80
	Series E-1956.....	* 3.546	6,186,293.65	11,467,420.88
	Series E-1957 (January).....	* 3.560	20.48	964,004.60
	Series E-1957 (February to December).....	* 3.653	5,610,016.93	10,285,542.55
	Series E-1958.....	* 3.690	5,844,279.24	11,189,983.73
	Series E-1959 (January to May).....	* 3.730	2,999,008.02	4,976,971.83
	Series E-1959 (June to December).....	* 3.750	2,353,158.92	6,994,238.05
	Series E-1960.....	* 3.750	6,104,816.01	12,776,666.91
	Series E-1961.....	* 3.750	6,526,287.84	15,990,037.76
	Series E-1962.....	* 3.750	5,872,304.32	17,286,765.80
	Series E-1963.....	* 3.750	7,543,241.52	26,597,717.53
	Series E-1964.....	* 3.750	6,190,726.07	58,631,933.13
	Series E-1965.....	* 3.750	386,372,574.64	104,841,965.07
	Unclassified sales and redemptions.....		* 42,920,542.08	* 62,756,054.21
	Series H-1952.....	* 3.392		385,500.00
	Series H-1953.....	* 3.409		1,381,000.00

Footnotes at end of table.

TABLE 44.—Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965 Aug. 31	U.S. savings bonds —Continued	Percent		
	Series H-1954.....	3.439		\$3,095,500.00
	Series H-1955.....	3.467		9,451,500.00
	Series H-1956.....	3.496		2,629,000.00
	Series H-1957 (January).....	3.520		232,000.00
	Series H-1957 (February to December).....	3.625		1,661,500.00
	Series H-1958.....	3.679		2,660,500.00
	Series H-1959 (January to May).....	3.720		1,038,000.00
	Series H-1959 (June to December).....	3.750		1,213,500.00
	Series H-1960.....	3.750		3,189,000.00
	Series H-1961.....	3.750		3,366,000.00
	Series H-1962.....	3.750		2,623,000.00
	Series H-1963.....	3.750	\$56,000.00	2,220,000.00
	Series H-1964.....	3.750	7,000.00	2,153,500.00
	Series H-1965.....	3.750	55,199,500.00	200,000.00
	Unclassified sales and redemptions.....		8,938,500.00	1,677,000.00
	Series J-1953.....	2.76	72,509.20	5,257,467.60
	Series J-1954.....	2.76	333,679.20	784,323.80
	Series J-1955.....	2.76	265,341.04	1,062,907.92
	Series J-1956.....	2.76	300,023.88	928,622.82
	Series J-1957.....	2.76	74,264.05	154,832.95
	Unclassified redemptions.....			465,400.14
	Series K-1953.....	2.76		10,014,000.00
	Series K-1954.....	2.76		2,559,500.00
	Series K-1955.....	2.76		2,772,500.00
	Series K-1956.....	2.76		1,528,500.00
	Series K-1957.....	2.76		257,500.00
	Unclassified redemptions.....			2,627,500.00
31	U.S. retirement plan bonds.....	3.75	141,407.48	12,719.85
31	Depository bonds, First Series.....	2.00	493,000.00	2,312,000.00
31	Treasury bonds, R.E.A. Series.....	2.00	455,000.00	
31	Treasury bonds, Investment Series B-1975-80.....	2½		
	Redeemed in exchange for 1½% Treasury notes, Series EA-1970.....			3,312,000.00
31	Treasury notes, Series EA-1970.....	1½	3,312,000.00	
31	Miscellaneous.....			26,161,100.00
	Total August.....		18,856,580,565.20	19,148,389,602.63
Sept. 1	Certificates of indebtedness, foreign series, maturing:			
	Nov. 26, 1965.....	3.85		5,000,000.00
2	Nov. 26, 1965.....	3.85		5,000,000.00
	Treasury bills:			
	Regular weekly:			
	Dated Mar. 4, 1965.....	3.946		
	Redeemed in exchange for series issued Sept. 2, 1965, due Dec. 2, 1965.....			252,281,000.00
	Redeemed in exchange for series dated Sept. 2, 1965, due Mar. 3, 1966.....			162,642,000.00
	Redeemable for cash.....			1,787,728,000.00
2	Maturing Dec. 2, 1965.....	3.886		
	Issued in exchange for series dated Mar. 4, 1965.....		252,281,000.00	
	Issued for cash.....		951,094,000.00	
2	Maturing Mar. 3, 1966.....	3.990		
	Issued in exchange for series dated Mar. 4, 1965.....		162,642,000.00	
	Issued for cash.....		837,817,000.00	
7	Treasury bonds, foreign currency series, maturing:			
	Sept. 7, 1965.....	3.67		52,054,414.21
	Oct. 7, 1966.....	4.10	52,112,284.60	
	Treasury bills:			
	Regular weekly:			
	Dated Mar. 11, 1965.....	3.881		
	Redeemed in exchange for series issued Sept. 9, 1965, due Dec. 9, 1965.....			141,163,000.00
	Redeemed in exchange for series dated Sept. 9, 1965, due Mar. 10, 1966.....			79,193,000.00
	Redeemable for cash.....			1,980,253,000.00
9	Maturing Dec. 9, 1965.....	3.898		
	Issued in exchange for series dated Mar. 11, 1965.....		141,163,000.00	
	Issued for cash.....		1,060,691,000.00	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
	Treasury bills—Continued			
1965	Regular weekly—Continued	Percent		
Sept. 9	Maturing Mar. 10, 1966	4.024		
	Issued in exchange for series dated Mar. 11, 1965		\$79,193,000.00	
	Issued for cash		921,182,000.00	
16	Dated Mar. 18, 1965	3.886		
	Redeemed in exchange for series issued Sept. 16, 1965, due Dec. 16, 1965			\$41,631,000.00
	Redeemed in exchange for series dated Sept. 16, 1965, due Mar. 17, 1966			55,237,000.00
	Redeemable for cash			2,106,328,000.00
16	Maturing Dec. 16, 1965	3.886		
	Issued in exchange for series dated Mar. 18, 1965		41,631,000.00	
	Issued for cash		1,159,456,000.00	
16	Maturing Mar. 17, 1966	4.031		
	Issued in exchange for series dated Mar. 18, 1965		55,237,000.00	
	Issued for cash		950,223,000.00	
23	Dated Mar. 25, 1965	3.877		
	Redeemed in exchange for series issued Sept. 23, 1965, due Dec. 23, 1965			146,366,000.00
	Redeemed in exchange for series dated Sept. 23, 1965, due Mar. 24, 1966			125,079,000.00
	Redeemable for cash			1,934,293,000.00
23	Maturing Dec. 23, 1965	3.905		
	Issued in exchange for series dated Mar. 25, 1965		146,366,000.00	
	Issued for cash		1,054,220,000.00	
23	Maturing Mar. 24, 1966	4.069		
	Issued in exchange for series dated Mar. 25, 1965		125,079,000.00	
	Issued for cash		875,412,000.00	
27	Treasury bonds, foreign currency series, maturing:			
	Sept. 27, 1965	3.84		30,126,066.00
	Jan. 27, 1967	4.23	30,099,560.08	
30	Certificates of indebtedness, foreign series, maturing:			
	Sept. 30, 1965	3.784		135,000,000.00
	Dec. 30, 1965	3.983	325,000,000.00	
	Treasury bills:			
	Regular weekly:			
30	Dated Sept. 30, 1964	3.880		
	Redeemed in exchange for series issued Sept. 30, 1965, due Dec. 30, 1965			149,946,000.00
	Redeemed in exchange for series dated Sept. 30, 1965, due Mar. 31, 1966			128,825,000.00
	Redeemable for cash			1,923,689,000.00
30	Maturing Dec. 30, 1965	3.987		
	Issued in exchange for series dated Sept. 30, 1964		149,946,000.00	
	Issued for cash		1,049,903,000.00	
30	Maturing Mar. 31, 1966	4.133		
	Issued in exchange for series dated Sept. 30, 1964		128,825,000.00	
	Issued for cash		870,993,000.00	
	Other:			
30	Dated Sept. 30, 1964	3.773		
	Redeemed in exchange for series dated Sept. 30, 1965, due Sept. 30, 1966			127,236,000.00
	Redeemable for cash			873,303,000.00
30	Maturing Sept. 30, 1966	4.236		
	Issued in exchange for series dated Sept. 30, 1964		127,236,000.00	
	Issued for cash		873,063,000.00	
30	Treasury certificates, maturing:			
	Sept. 30, 1965	3.54		61,954,421.20
	Sept. 30, 1965	3.784		21,022,620.19
	Oct. 31, 1965	3.50	62,080,262.36	
	Dec. 31, 1965	3.983	21,221,494.18	
30	U.S. savings bonds: ⁴			
	Series E-1941	3.223	395,402.40	1,436,230.40
	Series E-1942	3.252	2,995,668.50	7,053,730.04
	Series E-1943	3.277	9,141,605.05	11,238,232.88

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965 Sept. 30	U.S. savings bonds*—Continued	Percent		
	Series E-1944.....	3.298	\$3,477,679.58	\$15,097,639.62
	Series E-1945.....	3.316	3,521,469.61	14,702,420.32
	Series E-1946.....	3.327	3,139,025.66	6,172,814.03
	Series E-1947.....	3.346	3,512,037.05	6,425,832.27
	Series E-1948.....	3.366	3,543,997.60	7,276,703.99
	Series E-1949.....	3.344	3,924,105.67	7,696,577.34
	Series E-1950.....	3.347	3,809,943.48	7,571,290.70
	Series E-1951.....	3.378	3,207,812.73	6,697,097.00
	Series E-1952 (January to April).....	3.400	1,641,885.96	2,442,143.66
	Series E-1952 (May to December).....	3.451	1,918,095.72	5,241,422.30
	Series E-1953.....	3.468	5,373,465.75	9,848,980.80
	Series E-1954.....	3.497	5,804,705.81	12,113,237.23
	Series E-1955.....	3.523	6,511,653.42	18,614,854.67
	Series E-1956.....	3.546	14,543,509.81	9,021,298.33
	Series E-1957 (January).....	3.560		732,257.13
	Series E-1957 (February to December).....	3.654	5,509,390.49	7,986,829.69
	Series E-1958.....	3.690	5,897,123.89	8,916,350.14
	Series E-1959 (January to May).....	3.730	2,880,638.93	3,889,530.91
	Series E-1959 (June to December).....	3.750	2,602,458.75	5,562,048.15
	Series E-1960.....	3.750	6,122,020.57	10,044,211.94
	Series E-1961.....	3.750	6,707,631.48	12,372,580.82
	Series E-1962.....	3.750	6,206,316.08	13,498,796.20
	Series E-1963.....	3.750	7,725,810.17	20,648,651.74
	Series E-1964.....	3.750	6,707,617.52	42,118,952.75
	Series E-1965.....	3.750	314,820,788.04	97,063,730.96
	Unclassified sales and redemptions.....		2,397,123.80	25,091,626.27
	Series H-1952.....	3.392		524,000.00
	Series H-1953.....	3.409		1,555,500.00
	Series H-1954.....	3.438		3,239,000.00
	Series H-1955.....	3.467		10,121,000.00
	Series H-1956.....	3.496		2,385,000.00
	Series H-1957 (January).....	3.520		181,500.00
	Series H-1957 (February to December).....	3.626		1,659,000.00
	Series H-1958.....	3.679		2,914,500.00
	Series H-1959 (January to May).....	3.720		1,087,000.00
	Series H-1959 (June to December).....	3.750		1,351,000.00
	Series H-1960.....	3.750		3,288,000.00
	Series H-1961.....	3.750		3,304,500.00
	Series H-1962.....	3.750		2,706,000.00
	Series H-1963.....	3.750	4,000.00	2,260,500.00
	Series H-1964.....	3.750	12,500.00	2,258,000.00
	Series H-1965.....	3.750	46,554,500.00	331,000.00
	Unclassified sales and redemptions.....		9-3,917,500.00	8,075,500.00
	Series J-1953.....	2.76	89,559.60	5,134,212.00
	Series J-1954.....	2.76	312,955.20	904,519.00
	Series J-1955.....	2.76	320,699.12	611,050.36
	Series J-1956.....	2.76	240,955.80	568,318.09
	Series J-1957.....	2.76	76,749.40	30,801.65
	Unclassified redemptions.....			9-232,911.29
	Series K-1953.....	2.76		7,549,000.00
	Series K-1954.....	2.76		3,401,500.00
	Series K-1955.....	2.76		1,930,000.00
	Series K-1956.....	2.76		1,315,500.00
	Series K-1957.....	2.76		54,000.00
	Unclassified redemptions.....			9-2,090,500.00
30	Treasury bonds of 1969 (Aug. 15, 1962).....	4.00		
	Adjustments of issues ¹		100,000.00	
30	U.S. retirement plan bonds.....	3.75	93,849.67	12,121.63
30	Depository bonds, First Series.....	2.00	401,000.00	1,489,000.00
30	Treasury bonds, Investment Series B-1975-80. Redeemed in exchange for 1½% Treasury notes, Series EA-1970.....	2½		
30	Treasury notes, Series EA-1970.....	1½	9,021,000.00	9,021,000.00
30	Miscellaneous.....			28,539,500.00
	Total September.....		13,001,515,853.53	12,827,403,705.32
Oct. 1	Treasury notes, Series EO-1965.....	1½		
	Redeemable for cash.....			315,094,000.00
1	Treasury bonds, foreign currency series, maturing: Oct. 1, 1965.....	3.81		22,461,502.84
	Oct. 1, 1965.....	4.04		50,319,529.01
1	Certificates of indebtedness, foreign currency series maturing Jan. 3, 1967.....	4.30	22,466,705.27	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965		Percent		
Oct. 1	Treasury bonds, Investment Series A-1965.....	2½		
	Redeemable for cash.....			\$380,565,000.00
	Treasury bills:			
	Other:			
6	Maturing Sept. 30, 1966.....	4.236		
	Issued for cash.....		\$200,000.00	
7	Regular weekly:			
	Dated Apr. 8, 1965.....	4.3.917		
	Redeemed in exchange for series issued Oct. 7, 1965, due Jan. 6, 1966.....			178,428,000.00
	Redeemed in exchange for series dated Oct. 7, 1965, due Apr. 7, 1966.....			143,738,000.00
7	Redeemable for cash.....			1,880,498,000.00
	Maturing Jan. 6, 1966.....	4.050		
	Issued in exchange for series dated Apr. 8, 1965.....		178,428,000.00	
	Issued for cash.....		1,022,891,000.00	
7	Maturing Apr. 7, 1966.....	4.201		
	Issued in exchange for series dated Apr. 8, 1965.....		143,738,000.00	
	Issued for cash.....		\$57,726,000.00	
7	Certificates of indebtedness, foreign series, maturing Nov. 24, 1965.....	3.75		10,000,000.00
	Treasury bills:			
	Tax anticipation:			
11	Maturing Mar. 22, 1966.....	3.783		
	Issued for cash.....		3,009,402,000.00	
11	Maturing June 22, 1966.....	3.941		
	Issued for cash.....		1,002,548,000.00	
12	Treasury notes, foreign series, maturing: Jan. 12, 1968.....	4.26		
13	Oct. 12, 1965.....	3.63	25,000,000.00	25,000,000.00
	Treasury bills:			
	Regular weekly:			
14	Dated Apr. 15, 1965.....	4.3.932		
	Redeemed in exchange for series issued Oct. 14, 1965, due Jan. 13, 1966.....			115,253,000.00
	Redeemed in exchange for series dated Oct. 14, 1965, due Apr. 14, 1966.....			73,847,000.00
	Redeemable for cash.....			2,013,415,000.00
14	Maturing Jan. 13, 1966.....	4.006		
	Issued in exchange for series dated Apr. 15, 1965.....		115,253,000.00	
	Issued for cash.....		1,084,591,000.00	
14	Maturing Apr. 14, 1966.....	4.181		
	Issued in exchange for series dated Apr. 15, 1965.....		73,847,000.00	
	Issued for cash.....		924,912,000.00	
21	Dated Apr. 22, 1965.....	4.3.913		
	Redeemed in exchange for series issued Oct. 21, 1965, due Jan. 20, 1966.....			161,637,000.00
	Redeemed in exchange for series dated Oct. 21, 1965, due Apr. 21, 1966.....			155,519,000.00
	Redeemable for cash.....			1,886,320,000.00
21	Maturing Jan. 20, 1966.....	4.034		
	Issued in exchange for series dated Apr. 22, 1965.....		161,637,000.00	
	Issued for cash.....		1,038,808,000.00	
21	Maturing Apr. 21, 1966.....	4.214		
	Issued in exchange for series dated Apr. 22, 1965.....		155,519,000.00	
	Issued for cash.....		847,109,000.00	
28	Dated Apr. 29, 1965.....	4.3.882		
	Redeemed in exchange for series issued Oct. 28, 1965, due Jan. 27, 1966.....			135,507,000.00
	Redeemed in exchange for series dated Oct. 28, 1965, due Apr. 28, 1966.....			123,840,000.00
	Redeemable for cash.....			1,944,881,000.00
28	Maturing Jan. 27, 1966.....	4.040		
	Issued in exchange for series dated Apr. 29, 1965.....		135,507,000.00	
	Issued for cash.....		1,064,612,000.00	
28	Maturing Apr. 28, 1966.....	4.192		
	Issued in exchange for series dated Apr. 29, 1965.....		123,840,000.00	
	Issued for cash.....		877,170,000.00	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965				
Oct. 31	Treasury certificates, maturing:	Percent		
	Oct. 31, 1965	3.50		\$62,080,262.36
	Nov. 30, 1965	3.54	\$62,255,575.32	
31	U.S. savings bonds: ³			
	Series E-1941	3.223	439,703.86	1,517,274.36
	Series E-1942	3.252	2,997,716.32	6,523,057.90
	Series E-1943	3.277	6,973,701.34	10,836,870.07
	Series E-1944	3.298	2,912,149.46	13,327,829.52
	Series E-1945	3.316	4,138,266.67	13,406,118.78
	Series E-1946	3.327	3,149,166.93	5,851,562.25
	Series E-1947	3.346	3,223,514.33	6,359,168.17
	Series E-1948	3.366	3,302,399.08	7,123,639.02
	Series E-1949	3.344	3,554,785.06	7,767,167.82
	Series E-1950	3.347	3,406,722.92	7,390,578.11
	Series E-1951	3.378	3,164,795.15	6,670,312.73
	Series E-1952 (January to April)	3.400	1,422,042.80	2,350,380.22
	Series E-1952 (May to December)	3.451	1,617,326.62	5,083,376.62
	Series E-1953	3.468	4,047,055.14	9,860,078.98
	Series E-1954	3.497	4,520,351.21	12,071,980.81
	Series E-1955	3.523	-2,093,009.21	17,870,751.50
	Series E-1956	3.546	12,296,183.23	10,131,389.34
	Series E-1957 (January)	3.560	-33,958.60	634,632.79
	Series E-1957 (February to December)	3.654	5,576,428.79	7,791,896.06
	Series E-1958	3.690	5,802,780.35	8,680,853.49
	Series E-1959 (January to May)	3.730	2,710,273.80	3,641,330.80
	Series E-1959 (June to December)	3.750	3,043,569.33	5,225,540.86
	Series E-1960	3.750	6,084,716.30	9,524,308.52
	Series E-1961	3.750	6,673,879.92	12,357,167.47
	Series E-1962	3.750	6,301,224.40	13,327,579.05
	Series E-1963	3.750	8,276,417.79	18,924,176.32
	Series E-1964	3.750	6,683,892.80	37,875,940.75
	Series E-1965	3.750	289,879,611.22	105,319,302.55
	Unclassified sales and redemptions		54,519,924.39	8,957,567.66
	Series H-1952	3.392		445,500.00
	Series H-1953	3.408		1,658,500.00
	Series H-1954	3.438		3,665,000.00
	Series H-1955	3.467		7,666,500.00
	Series H-1956	3.496		11,233,500.00
	Series H-1957 (January)	3.520		325,000.00
	Series H-1957 (February to December)	3.628		1,860,500.00
	Series H-1958	3.679		2,855,500.00
	Series H-1959 (January to May)	3.720		1,197,500.00
	Series H-1959 (June to December)	3.750		1,180,500.00
	Series H-1960	3.750		3,731,500.00
	Series H-1961	3.750		3,548,500.00
	Series H-1962	3.750		2,652,500.00
	Series H-1963	3.750		2,400,000.00
	Series H-1964	3.750	19,500.00	2,114,000.00
	Series H-1965	3.750	42,691,500.00	935,000.00
	Unclassified sales and redemptions		215,500.00	8,074,500.00
	Series J-1953	2.76	82,562.40	4,625,452.00
	Series J-1954	2.76	316,358.00	852,029.80
	Series J-1955	2.76	333,555.21	854,065.86
	Series J-1956	2.76	180,824.09	725,512.03
	Series J-1957	2.76	77,537.25	651,772.10
	Unclassified redemptions			418,701.95
	Series K-1953	2.76		7,189,500.00
	Series K-1954	2.76		2,302,000.00
	Series K-1955	2.76		1,886,500.00
	Series K-1956	2.76		810,000.00
	Series K-1957	2.76		120,500.00
	Unclassified redemptions			1,178,500.00
31	U.S. retirement plan bonds	3.75	171,389.23	23,207.38
31	Depository bonds, First Series	2.00	1,776,000.00	694,000.00
31	Treasury bonds, REA Series	2.00	50,000.00	310,000.00
31	Treasury bonds, Investment Series B-1975-80	2½		
	Redeemed in exchange for:			
	1½% Treasury notes, Series EA-1970			43,168,000.00
	1½% Treasury notes, Series EO-1970			2,911,000.00
31	Treasury notes, Series EA-1970	1½	43,168,000.00	
31	Treasury notes, Series EO-1970	1½	2,911,000.00	
31	Miscellaneous			20,012,200.00
	Total October		13,474,045,638.17	10,164,680,528.63

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965		Percent		
Nov. 1	Treasury bonds, foreign series, maturing Nov. 1, 1965.....	4.00	-----	\$30,000,000.00
1	Treasury bonds, foreign currency series, maturing Nov. 1, 1965.....	4.05	-----	50,319,529.01
1	Certificates of indebtedness, foreign currency series, maturing:			
	May 2, 1967.....	4.33	\$24,990,628.51	-----
	June 1, 1967.....	4.33	24,990,628.51	-----
	Treasury bills:			
	Other:			
18	Dated Oct. 31, 1964.....	3.790	-----	-----
	Redeemed in exchange for series dated Oct. 31, 1965, due Oct. 31, 1966.....	-----	-----	153,881,000.00
	Redeemable for cash.....	-----	-----	846,069,000.00
1	Maturing Oct. 31, 1966.....	4.192	-----	-----
	Issued in exchange for series dated Oct. 31, 1964.....	-----	153,881,000.00	-----
	Issued for cash.....	-----	846,067,000.00	-----
4	Regular weekly:			
	Dated May 6, 1965.....	4.386	-----	-----
	Redeemed in exchange for series issued Nov. 4, 1965, due Feb. 3, 1966.....	-----	-----	184,688,000.00
	Redeemed in exchange for series dated Nov. 4, 1965, due May 5, 1966.....	-----	-----	153,511,000.00
	Redeemable for cash.....	-----	-----	1,863,614,000.00
4	Maturing Feb. 3, 1966.....	4.082	-----	-----
	Issued in exchange for series dated May 6, 1965.....	-----	184,688,000.00	-----
	Issued for cash.....	-----	1,016,542,000.00	-----
4	Maturing May 5, 1966.....	4.219	-----	-----
	Issued in exchange for series dated May 6, 1965.....	-----	153,511,000.00	-----
	Issued for cash.....	-----	846,620,000.00	-----
10	Certificates of indebtedness, foreign series, maturing:			
	Nov. 10, 1965.....	3.75	-----	40,000,000.00
	Feb. 10, 1966.....	3.75	40,000,000.00	-----
12	Nov. 12, 1965.....	3.85	-----	25,000,000.00
	Feb. 14, 1966.....	4.05	25,000,000.00	-----
	Feb. 14, 1966.....	3.75	10,000,000.00	-----
12	Treasury notes, foreign series, maturing May 13, 1968.....	4.30	75,000,000.00	-----
	Treasury bills:			
	Regular weekly:			
12	Dated May 13, 1965.....	4.384	-----	-----
	Redeemed in exchange for series issued Nov. 12, 1965, due Feb. 10, 1966.....	-----	-----	159,295,000.00
	Redeemed in exchange for series dated Nov. 12, 1965, due May 12, 1966.....	-----	-----	80,465,000.00
	Redeemable for cash.....	-----	-----	1,962,072,000.00
12	Maturing Feb. 10, 1966.....	4.045	-----	-----
	Issued in exchange for series dated May 13, 1965.....	-----	159,295,000.00	-----
	Issued for cash.....	-----	1,041,516,000.00	-----
12	Maturing May 12, 1966.....	4.221	-----	-----
	Issued in exchange for series dated May 13, 1965.....	-----	80,465,000.00	-----
	Issued for cash.....	-----	919,562,000.00	-----
15	Treasury notes, Series B-1965.....	3½	-----	-----
	Redeemed in exchange for 4½% Treasury notes, Series D-1967.....	-----	-----	200,159,000.00
	Redeemable for cash.....	-----	-----	1,416,445,000.00
15	Treasury notes, Series E-1965.....	4.00	-----	-----
	Redeemed in exchange for 4½% Treasury notes, Series D-1967.....	-----	-----	6,422,833,000.00
	Redeemable for cash.....	-----	-----	1,676,453,000.00
15	Treasury notes, Series D-1967.....	4½	-----	-----
	Issued in exchange for:			
	3½% Treasury notes, Series B-1965.....	-----	200,159,000.00	-----
	4% Treasury notes, Series E-1965.....	-----	6,422,833,000.00	-----
	Issued for cash.....	-----	3,125,224,000.00	-----

Footnotes at end of table.

TABLE 44.—Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966	Treasury bills:			
Nov. 18	Regular weekly:	Percent		
	Dated May 20, 1965.....	* 3.878		
	Redeemed in exchange for series issued Nov. 18, 1965, due Feb. 17, 1966.....			\$141,567,000.00
	Redeemed in exchange for series dated Nov. 18, 1965, due May 19, 1966.....			76,226,000.00
	Redeemable for cash.....			1,984,765,000.00
18	Maturing Feb. 17, 1966.....	4.007		
	Issued in exchange for series dated May 20, 1965.....		\$141,567,000.00	
	Issued for cash.....		1,059,535,000.00	
18	Maturing May 19, 1966.....	4.259		
	Issued in exchange for series dated May 20, 1965.....		76,226,000.00	
	Issued for cash.....		924,732,000.00	
24	Tax anticipation:			
	Maturing June 22, 1966.....	4.075		
	Issued for cash.....		2,513,229,000.00	
26	Regular weekly:			
	Dated May 27, 1965.....	* 3.895		
	Redeemed in exchange for series issued Nov. 26, 1965, due Feb. 24, 1966.....			192,979,000.00
	Redeemed in exchange for series dated Nov. 26, 1965, due May 26, 1966.....			123,644,000.00
	Redeemable for cash.....			1,884,573,000.00
26	Maturing Feb. 24, 1966.....	4.104		
	Issued in exchange for series dated May 27, 1965.....		192,979,000.00	
	Issued for cash.....		1,007,496,000.00	
26	Maturing May 26, 1966.....	4.253		
	Issued in exchange for series dated May 27, 1965.....		123,644,000.00	
	Issued for cash.....		877,678,000.00	
26	Certificates of indebtedness, foreign series, maturing:			
	Nov. 26, 1965.....	3.85		40,000,000.00
	Nov. 26, 1965.....	3.85		140,000,000.00
	Nov. 26, 1965.....	3.85		2,000,000.00
	Nov. 26, 1965.....	3.85		58,000,000.00
	Jan. 28, 1966.....	4.05	140,000,000.00	
	Feb. 23, 1966.....	4.10	100,000,000.00	
30	Feb. 28, 1966.....	4.15	75,000,000.00	
	Treasury bills:			
	Other:			
30	Dated Nov. 30, 1964.....	4.068		
	Redeemed in exchange for series dated Nov. 30, 1965, due Nov. 30, 1966.....			67,514,000.00
	Redeemable for cash.....			933,028,000.00
30	Maturing Nov. 30, 1966.....	4.277		
	Issued in exchange for series dated Nov. 30, 1964.....		67,514,000.00	
	Issued for cash.....		933,066,000.00	
30	Treasury certificates, maturing:			
	Nov. 30, 1965.....	3.54		62,255,575.32
	Dec. 31, 1965.....	3.570	62,427,656.55	
30	U.S. savings bonds: ⁴			
	Series E-1941.....	* 3.223	817,612.68	1,722,275.01
	Series E-1942.....	* 3.252	3,219,810.10	7,729,325.19
	Series E-1943.....	* 3.277	3,694,283.21	13,025,484.23
	Series E-1944.....	* 3.298	5,233,855.63	15,484,310.64
	Series E-1945.....	* 3.316	10,205,863.09	15,155,694.71
	Series E-1946.....	* 3.327	3,188,206.82	6,843,923.46
	Series E-1947.....	* 3.346	3,009,638.46	7,465,599.99
	Series E-1948.....	* 3.366	3,370,445.35	8,309,631.30
	Series E-1949.....	* 3.344	3,544,723.53	8,565,821.18
	Series E-1950.....	* 3.347	3,356,247.17	8,460,643.22
	Series E-1951.....	* 3.378	3,005,765.91	7,605,354.51
	Series E-1952 (January to April).....	3.400	-21,595.72	2,768,452.18
	Series E-1952 (May to December).....	* 3.451	1,701,441.21	5,816,896.70
	Series E-1953.....	* 3.468	4,112,024.76	11,136,834.49
	Series E-1954.....	* 3.497	4,466,709.20	13,052,508.68
	Series E-1955.....	* 3.523	4,950,078.37	19,973,966.43
	Series E-1956.....	* 3.546	7,523,885.30	11,580,688.15
	Series E-1957 (January).....	3.560	9.24	813,096.05
	Series E-1957 (February to December).....	* 3.654	5,868,835.05	8,961,196.50

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965 Nov. 30	U.S. savings bonds ⁴ —Continued	Percent		
	Series E-1958.....	3.690	\$5,499,977.78	\$9,880,855.89
	Series E-1959 (January to May).....	3.730	2,578,161.22	4,056,153.38
	Series E-1959 (June to December).....	3.750	2,832,448.98	5,908,155.62
	Series E-1960.....	3.750	5,684,510.46	10,407,860.42
	Series E-1961.....	3.750	6,432,915.76	13,539,899.58
	Series E-1962.....	3.750	6,152,077.59	14,979,442.01
	Series E-1963.....	3.750	7,361,530.38	21,446,617.71
	Series E-1964.....	3.750	6,412,721.61	39,408,630.54
	Series E-1965.....	3.750	385,067,531.25	121,693,911.06
	Unclassified sales and redemptions.....		⁵ -73,269,454.51	⁶ -67,560,710.82
	Series H-1952.....	3.392		561,500.00
	Series H-1953.....	3.409		1,475,000.00
	Series H-1954.....	3.438		2,880,000.00
	Series H-1955.....	3.467		6,232,500.00
	Series H-1956.....	3.496		8,020,500.00
	Series H-1957 (January).....	3.520		120,500.00
	Series H-1957 (February to December).....	3.626		1,585,500.00
	Series H-1958.....	3.679		2,396,000.00
	Series H-1959 (January to May).....	3.720		1,109,500.00
	Series H-1959 (June to December).....	3.750		1,032,000.00
	Series H-1960.....	3.750		3,126,500.00
	Series H-1961.....	3.750		3,224,500.00
	Series H-1962.....	3.750		2,263,000.00
	Series H-1963.....	3.750		2,070,500.00
	Series H-1964.....	3.750	500.00	2,047,000.00
	Series H-1965.....	3.750	42,590,500.00	999,000.00
	Unclassified sales and redemptions.....		⁵ -972,000.00	⁶ -1,361,000.00
	Series J-1953.....	2.76	90,122.00	4,938,076.40
	Series J-1954.....	2.76	349,564.00	712,748.80
	Series J-1955.....	2.76	285,816.93	669,637.16
	Series J-1956.....	2.76	177,563.76	679,171.95
	Series J-1957.....	2.76	-2,277.10	99,279.60
	Unclassified redemptions.....			1,446,052.66
	Series K-1953.....	2.76		8,877,500.00
	Series K-1954.....	2.76		2,004,000.00
	Series K-1955.....	2.76		1,462,500.00
	Series K-1956.....	2.76		1,007,000.00
	Series K-1957.....	2.76		127,000.00
	Unclassified redemptions.....			⁶ -38,000.00
30	U.S. retirement plan bonds.....	3.75	317,733.85	6,232.19
30	Depository bonds, First Series.....	2.00	888,000.00	1,040,000.00
30	Treasury bonds, REA Series.....	2.00	126,000.00	600,000.00
30	Treasury bonds, Investment Series B-1975-80.....	2¾		
	Redeemed in exchange for 1¼% Treasury notes, Series EO-1970.....			7,488,000.00
30	Treasury notes, Series EO-1970.....	1½	7,488,000.00	
30	Miscellaneous.....			29,644,500.00
	Total November.....		24,122,777,696.89	21,418,134,821.10
Dec. 1	Treasury bonds, foreign currency series, maturing Dec. 1, 1965.....	4.06		50,319,529.01
1	Certificates of indebtedness, foreign currency series, maturing:			
	July 3, 1967.....	4.38	24,998,125.14	
	Aug. 1, 1967.....	4.38	24,998,125.14	
1	Certificates of indebtedness, foreign series, maturing Feb. 28, 1966.....	4.15		75,000,000.00
	Treasury bills:			
2	Regular weekly:			
	Dated June 3, 1965.....	3.903		
	Redeemed in exchange for series issued Dec. 2, 1965, due Mar. 3, 1966.....			219,411,000.00
	Redeemed in exchange for series dated Dec. 2, 1965, due June 2, 1966.....			162,929,000.00
	Redeemable for cash.....			1,822,212,000.00
2	Maturing Mar. 3, 1966.....	4.115		
	Issued in exchange for series dated June 3, 1965.....		219,411,000.00	
	Issued for cash.....		981,387,000.00	
2	Maturing June 2, 1966.....	4.249		
	Issued in exchange for series dated June 3, 1965.....		162,929,000.00	
	Issued for cash.....		837,224,000.00	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965	Treasury bills—Continued			
Dec. 9	Regular weekly—Continued			
	Dated June 10, 1965.....	Percent 4 3.882	-----	-----
	Redeemed in exchange for series issued Dec. 9, 1965, due Mar. 10, 1966.....	-----	-----	\$178,326,000.00
	Redeemed in exchange for series dated Dec. 9, 1965, due June 9, 1966.....	-----	-----	104,744,000.00
	Redeemable for cash.....	-----	-----	1,919,073,000.00
9	Maturing Mar. 10, 1966.....	4.344	-----	-----
	Issued in exchange for series dated June 10, 1965.....	-----	\$178,326,000.00	-----
	Issued for cash.....	-----	1,023,424,000.00	-----
9	Maturing June 9, 1966.....	4.468	-----	-----
	Issued in exchange for series dated June 10, 1965.....	-----	104,744,000.00	-----
	Issued for cash.....	-----	895,344,000.00	-----
10	Certificates of indebtedness, foreign series, maturing Jan. 4, 1966.....	4.35	10,000,000.00	-----
15	Treasury certificates, maturing:			
	Dec. 15, 1965.....	1.00	-----	6,191,254.40
	June 15, 1966.....	1.00	2,185,619.93	-----
	Treasury bills:			
	Regular weekly:			
16	Dated June 17, 1965.....	4 3.880	-----	-----
	Redeemed in exchange for series issued Dec. 16, 1965, due Mar. 17, 1966.....	-----	-----	81,328,000.00
	Redeemed in exchange for series dated Dec. 16, 1965, due June 16, 1966.....	-----	-----	55,065,000.00
	Redeemable for cash.....	-----	-----	2,066,163,000.00
16	Maturing Mar. 17, 1966.....	4.391	-----	-----
	Issued in exchange for series dated June 17, 1965.....	-----	81,328,000.00	-----
	Issued for cash.....	-----	1,119,816,000.00	-----
16	Maturing June 16, 1966.....	4.553	-----	-----
	Issued in exchange for series dated June 17, 1965.....	-----	55,065,000.00	-----
	Issued for cash.....	-----	945,438,000.00	-----
20	Certificates of indebtedness, foreign series, maturing:			
	Feb. 10, 1966.....	3.75	-----	5,000,000.00
22	Dec. 22, 1965.....	3.875	-----	50,000,000.00
	Feb. 10, 1966.....	3.75	-----	10,000,000.00
	June 22, 1966.....	4.375	50,000,000.00	-----
23	Treasury notes, foreign series, maturing June 23, 1970.....	4.66	85,000,000.00	-----
	Treasury bills:			
	Regular weekly:			
23	Dated June 24, 1965.....	4 3.872	-----	-----
	Redeemed in exchange for series issued Dec. 23, 1965, due Mar. 24, 1966.....	-----	-----	145,511,000.00
	Redeemed in exchange for series dated Dec. 23, 1965, due June 23, 1966.....	-----	-----	59,292,000.00
	Redeemable for cash.....	-----	-----	1,997,302,000.00
23	Maturing Mar. 24, 1966.....	4.505	-----	-----
	Issued in exchange for series dated June 24, 1965.....	-----	145,511,000.00	-----
	Issued for cash.....	-----	1,062,745,000.00	-----
23	Maturing June 23, 1966.....	4.692	-----	-----
	Issued in exchange for series dated June 24, 1965.....	-----	59,292,000.00	-----
	Issued for cash.....	-----	944,006,000.00	-----
29	Certificates of indebtedness, foreign series, maturing:			
	Feb. 14, 1966.....	4.05	-----	25,000,000.00
	Dec. 30, 1965.....	3.983	-----	325,000,000.00
30	Mar. 30, 1966.....	4.457	325,000,000.00	-----
	Treasury bills:			
	Regular weekly:			
30	Dated July 1, 1965.....	4 3.914	-----	-----
	Redeemed in exchange for series issued Dec. 30, 1965, due Mar. 31, 1966.....	-----	-----	12,543,000.00
	Redeemed in exchange for series dated Dec. 30, 1965, due June 30, 1966.....	-----	-----	54,248,000.00
	Redeemable for cash.....	-----	-----	2,133,216,000.00

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965	Treasury bills—Continued			
Dec. 30	Regular weekly—Continued			
	Maturing Mar. 31, 1966.....	Percent 4.457		
	Issued in exchange for series dated July 1, 1965.....		\$12,543,000.00	
30	Issued for cash.....		1,188,049,000.00	
	Maturing June 30, 1966.....	4.655		
	Issued in exchange for series dated July 1, 1965.....		54,248,000.00	
	Issued for cash.....		946,884,000.00	
31	Other:			
	Dated Dec. 31, 1964.....	3.972		
	Redeemed in exchange for series dated Dec. 31, 1965, due Dec. 31, 1966.....			\$49,458,000.00
	Redeemable for cash.....			953,493,000.00
31	Maturing Dec. 31, 1966.....	4.731		
	Issued in exchange for series dated Dec. 31, 1964.....		49,458,000.00	
	Issued for cash.....		951,570,000.00	
31	Treasury bonds, foreign currency series, maturing Dec. 31, 1965.....	3.87		30,126,066.00
31	Certificates of indebtedness, foreign currency series, maturing Mar. 31, 1967.....	4.85	30,100,953.96	
31	Treasury certificates, maturing:			
	Dec. 31, 1965.....	3.983		21,221,494.18
	Dec. 31, 1965.....	3.570		62,427,656.55
	Jan. 31, 1966.....	3.54	62,607,476.43	
	Mar. 31, 1966.....	4.457	21,432,807.21	
31	Treasury bonds maturing June 30, 1967.....	4.00	181,881.36	
31	U.S. savings bonds: ⁵			
	Series E-1941.....	⁶ 3.223	2,156,468.60	1,510,917.27
	Series E-1942.....	⁶ 3.252	4,142,640.87	6,214,341.85
	Series E-1943.....	⁶ 3.277	4,121,753.09	10,096,205.69
	Series E-1944.....	⁶ 3.298	11,941,404.58	12,297,954.50
	Series E-1945.....	⁶ 3.316	10,246,663.21	13,932,753.89
	Series E-1946.....	⁶ 3.327	4,142,425.27	5,626,083.87
	Series E-1947.....	⁶ 3.346	3,916,173.93	5,870,811.01
	Series E-1948.....	⁶ 3.366	4,509,955.98	6,333,124.75
	Series E-1949.....	⁶ 3.344	4,815,009.90	6,618,758.89
	Series E-1950.....	⁶ 3.347	4,037,906.16	6,465,329.19
	Series E-1951.....	⁶ 3.378	3,596,262.79	5,849,540.48
	Series E-1952 (January to April).....	⁶ 3.400	—20,869.92	1,967,924.56
	Series E-1952 (May to December).....	⁶ 3.451	1,798,054.39	4,682,278.45
	Series E-1953.....	⁶ 3.468	4,156,554.51	8,518,425.83
	Series E-1954.....	⁶ 3.497	4,265,325.38	10,303,628.65
	Series E-1955.....	⁶ 3.523	4,820,090.64	15,836,238.25
	Series E-1956.....	⁶ 3.546	8,863,367.77	9,413,287.56
	Series E-1957 (January).....	⁶ 3.560	—104.49	564,822.99
	Series E-1957 (February to December).....	⁶ 3.654	6,760,162.41	7,299,013.57
	Series E-1958.....	⁶ 3.690	6,385,137.63	8,096,693.27
	Series E-1959 (January to May).....	⁶ 3.730	—32,458.57	3,298,335.94
	Series E-1959 (June to December).....	⁶ 3.750	6,225,500.42	4,619,574.85
	Series E-1960.....	⁶ 3.750	6,603,753.51	8,368,513.96
	Series E-1961.....	⁶ 3.750	7,021,087.07	10,348,021.43
	Series E-1962.....	⁶ 3.750	7,064,409.79	11,307,594.27
	Series E-1963.....	⁶ 3.750	7,874,472.28	16,181,136.76
	Series E-1964.....	⁶ 3.750	7,077,469.48	29,097,355.56
	Series E-1965.....	⁶ 3.750	313,739,633.63	105,350,020.06
	Unclassified sales and redemptions.....		⁷ —6,889,172.40	33,133,011.67
	Series H-1952.....	⁶ 3.392		437,000.00
	Series H-1953.....	⁶ 3.409		1,324,000.00
	Series H-1954.....	⁶ 3.438		2,585,500.00
	Series H-1955.....	⁶ 3.467		5,971,500.00
	Series H-1956.....	⁶ 3.496		6,963,000.00
	Series H-1957 (January).....	⁶ 3.520		122,500.00
	Series H-1957 (February to December).....	⁶ 3.626		1,677,000.00
	Series H-1958.....	⁶ 3.679		2,577,500.00
	Series H-1959 (January to May).....	⁶ 3.720		1,249,500.00
	Series H-1959 (June to December).....	⁶ 3.750		1,193,500.00
	Series H-1960.....	⁶ 3.750		2,933,000.00
	Series H-1961.....	⁶ 3.750		3,195,000.00
	Series H-1962.....	⁶ 3.750		2,161,500.00
	Series H-1963.....	⁶ 3.750		2,050,000.00
	Series H-1964.....	⁶ 3.750	18,000.00	1,710,000.00
	Series H-1965.....	⁶ 3.750	33,198,000.00	999,000.00
	Unclassified sales and redemptions.....		3,935,500.00	382,000.00

Footnotes at end of table.

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TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1965 Dec. 31	U.S. saving bonds ⁴ —Continued	Percent		
	Series J—1954.....	2.76	\$442,462.40	\$1,031,891.80
	Series J—1955.....	2.76	296,647.10	650,319.36
	Series J—1956.....	2.76	225,083.04	270,819.25
	Series J—1957.....	2.76	—301.00	206,498.00
	Unclassified redemptions.....			1,735,613.93
	Series K—1954.....	2.76		1,627,500.00
	Series K—1955.....	2.76		2,322,500.00
	Series K—1956.....	2.76		967,000.00
	Series K—1957.....	2.76		185,000.00
	Unclassified redemptions.....			2,791,500.00
31	U.S. retirement plan bonds.....	3.75	1,380,496.54	15,932.78
31	Depository bonds, First Series.....	2.00	1,057,000.00	725,000.00
31	Treasury bonds, REA Series.....	2.00	165,000.00	394,000.00
31	Treasury bonds, Investment Series B—1975–80. Redeemed in exchange for 1½% Treasury notes, Series EO—1970.....	2¾		11,769,000.00
31	Treasury notes, Series EO—1970.....	1½	11,769,000.00	
31	Miscellaneous.....			30,858,500.00
	Total December.....		13,151,072,955.16	13,136,889,274.28
1966 Jan. 1	Certificates of indebtedness, foreign currency series, maturing:			
	Mar. 1, 1967.....	4.90	24,965,048.93	
	Apr. 3, 1967.....	4.91	24,965,048.93	
3	Treasury bonds, foreign currency series, maturing Jan. 1, 1966.....	4.07		50,319,529.01
4	Certificates of indebtedness, foreign series, maturing Jan. 4, 1966.....	4.35		10,000,000.00
	Treasury bills:			
	Tax anticipation:			
5	Maturing June 22, 1966.....	4.281		
	Issued for cash.....		1,006,646,000.00	
	Regular weekly:			
6	Dated July 8, 1965.....	4.3.977		
	Redeemed in exchange for series issued Jan. 6, 1966, due Apr. 7, 1966.....			133,706,000.00
	Redeemed in exchange for series dated Jan. 6, 1966, due July 7, 1966.....			122,697,000.00
	Redeemable for cash.....			1,945,820,000.00
6	Maturing Apr. 7, 1966.....	4.532		
	Issued in exchange for series dated July 8, 1965.....		133,706,000.00	
	Issued for cash.....		1,170,451,000.00	
6	Maturing July 7, 1966.....	4.718		
	Issued in exchange for series dated July 8, 1965.....		122,697,000.00	
	Issued for cash.....		880,457,000.00	
11	Certificates of indebtedness, foreign series, maturing Feb. 10, 1966.....	3.75		10,000,000.00
	Treasury bills:			
	Regular weekly:			
13	Dated July 15, 1965.....	4.3.973		
	Redeemed in exchange for series issued Jan. 13, 1966, due Apr. 14, 1966.....			13,438,000.00
	Redeemed in exchange for series dated Jan. 13, 1966, due July 14, 1966.....			6,373,000.00
	Redeemable for cash.....			2,180,744,000.00
13	Maturing Apr. 14, 1966.....	4.585		
	Issued in exchange for series dated July 15, 1965.....		13,438,000.00	
	Issued for cash.....		1,288,312,000.00	
13	Maturing July 14, 1966.....	4.737		
	Issued in exchange for series dated July 15, 1965.....		6,373,000.00	
	Issued for cash.....		994,014,000.00	
14	Treasury certificates, maturing Mar. 31, 1966.....	4.457		962,153.12
14	Certificates of indebtedness, foreign currency series, maturing:			
	Jan. 3, 1967.....	4.30		22,466,705.27
	Mar. 1, 1967.....	4.90		24,965,048.93
	Mar. 31, 1967.....	4.85		30,100,953.96
	Apr. 3, 1967.....	4.91		24,965,048.93

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966				
Jan. 14	Certificates of indebtedness, foreign currency series, maturing—Continued	Percent		
	May 2, 1967.....	4.33		\$24,990,628.51
	June 1, 1967.....	4.33		24,990,628.51
	July 3, 1967.....	4.38		24,998,125.14
	Aug. 1, 1967.....	4.38		24,998,125.14
	Nov. 1, 1966.....	4.33	\$49,981,257.02	
	Dec. 1, 1966.....	4.38	49,996,250.28	
	Jan. 3, 1967.....	4.90	49,930,097.86	
	Jan. 3, 1967.....	4.30	22,466,705.27	
	Jan. 13, 1967.....	4.85	30,100,953.96	
14	Certificates of indebtedness, foreign series, maturing:			
	Feb. 10, 1966.....	3.75		15,000,000.00
	Feb. 14, 1966.....	3.75		10,000,000.00
19	Certificates of indebtedness, Series A-1966.....	4 3/4		
	Issued for cash.....		1,652,194,000.00	
	Treasury bills:			
	Regular weekly:			
20	Dated July 22, 1965.....	4 3/8		
	Redeemed in exchange for series issued Jan. 20, 1966, due Apr. 21, 1966.....			256,887,000.00
	Redeemed in exchange for series dated Jan. 20, 1966, due July 21, 1966.....			3,523,000.00
	Redeemable for cash.....			1,944,672,000.00
20	Maturing Apr. 21, 1966.....	4.673		
	Issued in exchange for series dated July 22, 1965.....		256,887,000.00	
	Issued for cash.....		1,044,205,000.00	
20	Maturing July 21, 1966.....	4.770		
	Issued in exchange for series dated July 22, 1965.....		3,523,000.00	
	Issued for cash.....		997,615,000.00	
26	Certificates of indebtedness, foreign currency series, maturing Apr. 26, 1966.....	4.35		
26	Treasury bonds, foreign currency series, maturing:			
	Oct. 31, 1966.....	3.95		23,171,749.00
	Nov. 25, 1966.....	3.95		69,465,348.37
	Treasury bills:			
	Regular weekly:			
27	Dated July 29, 1965.....	4 3/8		
	Redeemed in exchange for series issued Jan. 27, 1966, due Apr. 28, 1966.....			215,382,000.00
	Redeemed in exchange for series dated Jan. 27, 1966, due July 28, 1966.....			152,396,000.00
	Redeemable for cash.....			1,832,927,000.00
27	Maturing Apr. 28, 1966.....	4.596		
	Issued in exchange for series dated July 29, 1965.....		215,382,000.00	
	Issued for cash.....		1,085,754,000.00	
27	Maturing July 28, 1966.....	4.699		
	Issued in exchange for series dated July 29, 1965.....		152,396,000.00	
	Issued for cash.....		847,843,000.00	
28	Certificates of indebtedness, foreign series, maturing:			
	Jan. 28, 1966.....	4.05		140,000,000.00
	Apr. 28, 1966.....	4.60		
	Treasury bills:			
	Other:			
31	Dated Jan. 31, 1965.....	3.945		
	Redeemed in exchange for series dated Jan. 31, 1966, due Jan. 31, 1967.....			184,171,000.00
	Redeemable for cash.....			816,216,000.00
31	Maturing Jan. 31, 1967.....	4.699		
	Issued in exchange for series dated Jan. 31, 1965.....		184,171,000.00	
	Issued for cash.....		817,220,000.00	
31	Treasury certificates, maturing:			
	Jan. 31, 1966.....	3.54		62,607,476.43
	Feb. 28, 1966.....	3.83		
31	U.S. savings bonds: ⁵			
	Series E-1941.....	3.223	564,216.42	2,267,428.85
	Series E-1942.....	3.252	4,413,174.03	8,500,983.95
	Series E-1943.....	3.277	4,806,399.85	13,303,789.19

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966 Jan. 31	U.S. savings bonds ⁴ —Continued	Percent		
	Series E-1944.....	3.298	\$9,432,329.46	\$17,009,430.63
	Series E-1945.....	3.316	4,904,053.94	19,507,981.90
	Series E-1946.....	3.327	4,330,132.70	7,481,839.65
	Series E-1947.....	3.346	5,196,536.56	7,731,800.02
	Series E-1948.....	3.366	5,088,880.38	8,664,039.69
	Series E-1949.....	3.344	5,395,070.61	9,046,128.44
	Series E-1950.....	3.347	5,247,959.84	8,230,385.04
	Series E-1951.....	3.378	4,107,372.20	7,386,397.65
	Series E-1952 (January to April).....	3.400	2,291,322.10	2,452,113.88
	Series E-1952 (May to December).....	3.451	3,517,568.46	6,004,071.75
	Series E-1953.....	3.468	3,875,359.39	11,141,479.12
	Series E-1954.....	3.497	4,176,838.41	13,076,154.66
	Series E-1955.....	3.523	4,630,004.53	20,750,520.64
	Series E-1956.....	3.546	5,574,464.56	12,011,004.96
	Series E-1957 (January).....	3.560	3,289,600.47	788,725.79
	Series E-1957 (February to December).....	3.654	6,062,478.80	9,381,431.15
	Series E-1958.....	3.690	7,527,117.77	9,568,452.77
	Series E-1959 (January to May).....	3.730	3,845,771.50	3,747,647.78
	Series E-1959 (June to December).....	3.750	2,898,777.32	5,620,745.90
	Series E-1960.....	3.750	7,369,392.13	10,060,788.88
	Series E-1961.....	3.750	8,185,821.08	11,944,978.35
	Series E-1962.....	3.750	7,857,717.28	12,956,647.49
	Series E-1963.....	3.750	9,550,047.13	19,020,391.16
	Series E-1964.....	3.750	9,113,933.99	34,829,015.05
	Series E-1965.....	3.750	379,919,209.93	150,604,409.08
	Unclassified sales and redemptions.....		59,137,060.65	146,910,189.64
	Series H-1952.....	3.392		455,000.00
	Series H-1953.....	3.409		1,372,000.00
	Series H-1954.....	3.438		2,850,000.00
	Series H-1955.....	3.467		5,941,000.00
	Series H-1956.....	3.496		6,944,000.00
	Series H-1957 (January).....	3.520		81,500.00
	Series H-1957 (February to December).....	3.628		1,860,500.00
	Series H-1958.....	3.679		2,636,500.00
	Series H-1959 (January to May).....	3.720		1,087,500.00
	Series H-1959 (June to December).....	3.750		1,402,500.00
	Series H-1960.....	3.750		2,936,500.00
	Series H-1961.....	3.750		3,117,000.00
	Series H-1962.....	3.750		2,427,000.00
	Series H-1963.....	3.750		2,305,500.00
	Series H-1964.....	3.750	22,000.00	1,879,500.00
	Series H-1965.....	3.750	51,845,000.00	1,083,500.00
	Unclassified sales and redemptions.....		10,783,000.00	1,908,500.00
	Series J-1954.....	2.76	357,852.40	1,373,510.00
	Series J-1955.....	2.76	383,967.59	392,546.20
	Series J-1956.....	2.76	343,892.30	364,089.60
	Series J-1957.....	2.76	97,413.75	16,881.10
	Unclassified redemptions.....			1,092,477.59
	Series K-1954.....	2.76		2,022,500.00
	Series K-1955.....	2.76		1,168,000.00
	Series K-1956.....	2.76		948,000.00
	Series K-1957.....	2.76		119,000.00
	Unclassified redemptions.....			13,193,000.00
31	U.S. retirement plan bonds.....	3.75	2,367,420.26	52,517.85
31	Depository bonds, First Series.....	2.00	98,000.00	1,647,000.00
31	Treasury bonds, REA Series.....	2.00	15,000.00	610,000.00
31	Treasury bonds, Investment Series B-1975-80. Redeemed in exchange for 1½% Treasury notes, Series EO-1970.....	2½		17,117,000.00
31	Treasury notes, Series EO-1970.....	1½	17,117,000.00	
31	Miscellaneous.....			30,000,000.00
	Total January.....		14,086,659,116.23	11,103,357,015.72
Feb. 1	Treasury bonds, foreign currency series, maturing Feb. 1, 1966.....	3.83		50,314,465.41
1	Treasury certificates, maturing Apr. 30, 1966.....	4.638	1,026,511.10	
	Treasury bills:			
	Regular weekly:			
	Dated Aug. 5, 1965.....	4.012		
	Redeemed in exchange for series issued Feb. 3, 1966, due May 5, 1966.....			223,495,000.00
	Redeemed in exchange for series dated Feb. 3, 1966, due Aug. 4, 1966.....			152,928,000.00
	Redeemable for cash.....			1,825,762,000.00

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966	Treasury bills—Continued			
Feb. 3	Regular weekly—Continued	Percent		
	Maturing May 5, 1966.....	4.638		
	Issued in exchange for series dated Aug. 5, 1965.....		\$223,495,000.00	
	Issued for cash.....		1,077,363,000.00	
3	Maturing Aug. 4, 1966.....	4.740		
	Issued in exchange for series dated Aug. 5, 1965.....		152,928,000.00	
	Issued for cash.....		846,741,000.00	
4	Certificates of indebtedness, foreign currency series, maturing Feb. 3, 1967.....	4.84	23,087,756.56	
4	Treasury bonds, foreign currency series, maturing Feb. 4, 1966.....	3.87		\$23,141,719.89
	Treasury bills:			
	Regular weekly:			
10	Dated Aug. 12, 1965.....	4.001		
	Redeemed in exchange for series issued Feb. 10, 1966, due May 12, 1966.....			169,393,000.00
	Redeemed in exchange for series dated Feb. 10, 1966, due Aug. 11, 1966.....			102,448,000.00
	Redeemable for cash.....			1,929,094,000.00
10	Maturing May 12, 1966.....	4.650		
	Issued in exchange for series dated Aug. 12, 1965.....		169,393,000.00	
	Issued for cash.....		1,134,368,000.00	
10	Maturing Aug. 11, 1966.....	4.775		
	Issued in exchange for series dated Aug. 12, 1965.....		102,448,000.00	
	Issued for cash.....		898,660,000.00	
15	Treasury notes, Series B-1966.....	3½		
	Redeemed in exchange for:			
	4½% Treasury notes, Series E-1967.....			488,689,000.00
	5% Treasury notes, Series A-1970.....			1,470,222,000.00
	Redeemable for cash.....			236,156,000.00
15	Treasury notes, Series C-1966.....	3½		
	Redeemed in exchange for:			
	4½% Treasury notes, Series E-1967.....			1,454,972,000.00
	5% Treasury notes, Series A-1970.....			1,019,450,000.00
	Redeemable for cash.....			122,173,000.00
15	Treasury notes, Series EA-1966.....	1½		
	Redeemed in exchange for:			
	4½% Treasury notes, Series E-1967.....			173,985,000.00
	5% Treasury notes, Series A-1970.....			350,032,000.00
15	Treasury notes, Series D-1966.....	4.00		
	Redeemed in exchange for:			
	5% Treasury notes, Series A-1970.....			1,230,457,000.00
15	Treasury bonds of 1966.....	3¾		
	Redeemed in exchange for:			
	5% Treasury notes, Series A-1970.....			665,147,500.00
15	Treasury notes, Series A-1966.....	4.00		
	Redeemed in exchange for:			
	5% Treasury notes, Series A-1970.....			2,619,351,000.00
15	Treasury bonds of 1966.....	3.00		
	Redeemed in exchange for:			
	5% Treasury notes, Series A-1970.....			325,331,500.00
15	Treasury notes, Series E-1967.....	4½		
	Issued in exchange for:			
	3½% Treasury notes, Series B-1966.....		488,689,000.00	
	3½% Treasury notes, Series C-1966.....		1,454,972,000.00	
	1½% Treasury notes, Series EA-1966.....		173,985,000.00	
15	Treasury notes, Series A-1970.....	5.00		
	Issued in exchange for:			
	3½% Treasury notes, Series B-1966.....		1,470,222,000.00	
	3½% Treasury notes, Series C-1966.....		1,019,450,000.00	
	1½% Treasury notes, Series EA-1966.....		350,032,000.00	
	4% Treasury notes, Series D-1966.....		1,230,457,000.00	
	3½% Treasury bonds of 1966.....		665,147,500.00	
	4% Treasury notes, Series A-1966.....		2,619,351,000.00	
	3% Treasury bonds of 1966.....		325,331,500.00	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
	Treasury bills:			
1966	Regular weekly:	Percent		
Feb. 17	Dated Aug. 19, 1965.....	4.018		
	Redeemed in exchange for series issued Feb. 17, 1966, due May 19, 1966.....			\$110,895,000.00
	Redeemed in exchange for series dated Feb. 17, 1966, due Aug. 18, 1966.....			76,876,000.00
	Redeemable for cash.....			2,013,882,000.00
17	Maturing May 19, 1966.....	4.695		
	Issued in exchange for series dated Aug. 19, 1965.....		\$110,895,000.00	
	Issued for cash.....		1,189,548,000.00	
17	Maturing Aug. 18, 1966.....	4.876		
	Issued in exchange for series dated Aug. 19, 1965.....		76,876,000.00	
	Issued for cash.....		923,970,000.00	
24	Dated Aug. 26, 1965.....	4.036		
	Redeemed in exchange for series issued Feb. 24, 1966, due May 26, 1966.....			265,489,000.00
	Redeemed in exchange for series dated Feb. 24, 1966, due Aug. 25, 1966.....			178,090,000.00
	Redeemable for cash.....			1,757,277,000.00
24	Maturing May 26, 1966.....	4.696		
	Issued in exchange for series dated Aug. 26, 1965.....		265,489,000.00	
	Issued for cash.....		1,045,946,000.00	
24	Maturing Aug. 25, 1966.....	4.892		
	Issued in exchange for series dated Aug. 26, 1965.....		178,090,000.00	
	Issued for cash.....		822,764,000.00	
25	Certificates of indebtedness, foreign series, maturing Feb. 28, 1966.....	4.10		100,000,000.00
	Treasury bills:			
28	Other:			
	Dated Feb. 28, 1965.....	4.062		
	Redeemed in exchange for series dated Feb. 28, 1966, due Feb. 28, 1967.....			125,135,000.00
	Redeemable for cash.....			875,570,000.00
28	Maturing Feb. 28, 1967.....	4.945		
	Issued in exchange for series dated Feb. 28, 1965.....		125,135,000.00	
	Issued for cash.....		875,037,000.00	
28	Treasury certificates, maturing:			
	Feb. 28, 1966.....	3.83		62,786,298.82
	Mar. 31, 1966.....	4.14	62,961,546.56	
28	U.S. savings bonds: ⁵			
	Series E-1941.....	3.223	380,652.36	1,429,229.01
	Series E-1942.....	3.252	2,699,409.04	5,588,170.34
	Series E-1943.....	3.277	3,734,491.41	8,942,158.85
	Series E-1944.....	3.298	6,977,837.04	11,929,020.99
	Series E-1945.....	3.316	3,505,933.87	12,401,157.21
	Series E-1946.....	3.327	3,315,021.32	6,366,915.04
	Series E-1947.....	3.346	3,636,912.31	6,110,493.59
	Series E-1948.....	3.366	3,740,009.67	6,661,797.86
	Series E-1949.....	3.344	4,075,437.27	7,005,952.48
	Series E-1950.....	3.347	3,831,972.70	6,298,885.45
	Series E-1951.....	3.378	3,237,076.65	5,550,472.27
	Series E-1952 (January to April).....	3.400	1,692,532.86	1,773,177.02
	Series E-1952 (May to December).....	3.451	4,235,852.06	4,399,961.11
	Series E-1953.....	3.468	4,814,184.86	7,820,904.08
	Series E-1954.....	3.497	5,296,387.82	9,521,175.57
	Series E-1955.....	3.523	5,718,321.77	14,469,108.83
	Series E-1956.....	3.546	5,651,203.74	9,200,192.80
	Series E-1957 (January).....	3.560	—8.76	566,880.70
	Series E-1957 (February to December).....	3.654	8,389,458.62	6,324,885.61
	Series E-1958.....	3.690	5,929,643.66	5,887,880.03
	Series E-1959 (January to May).....	3.730	2,946,410.82	2,377,813.54
	Series E-1959 (June to December).....	3.750	2,391,780.96	3,202,235.99
	Series E-1960.....	3.750	6,070,610.74	5,720,331.22
	Series E-1961.....	3.750	6,568,793.89	6,704,743.82
	Series E-1962.....	3.750	6,134,502.69	6,873,629.07
	Series E-1963.....	3.750	7,299,415.08	9,331,438.68
	Series E-1964.....	3.750	7,252,842.84	14,994,147.25
	Series E-1965 (January to November).....	3.750	—13,561,865.35	62,020,011.79
	Series E-1965 (December).....	4.150	171,097,556.25	40,800.00
	Series E-1966.....	4.150	1,500,806.25	18.75

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966 Feb. 28	U.S. savings bonds ⁴ —Continued	Percent		
	Unclassified sales and redemptions.....		\$162,658,265.03	\$136,502,162.67
	Series H-1952.....	3.392		485,500.00
	Series H-1953.....	3.409		1,235,000.00
	Series H-1954.....	3.438		2,723,500.00
	Series H-1955.....	3.467		6,139,500.00
	Series H-1956.....	3.496		5,983,000.00
	Series H-1957 (January).....	3.520		243,000.00
	Series H-1957 (February to December).....	3.626		1,762,500.00
	Series H-1958.....	3.679		2,819,000.00
	Series H-1959 (January to May).....	3.720		1,072,000.00
	Series H-1959 (June to December).....	3.750		1,344,000.00
	Series H-1960.....	3.750		3,443,500.00
	Series H-1961.....	3.750		3,531,000.00
	Series H-1962.....	3.750		2,678,500.00
	Series H-1963.....	3.750		2,585,000.00
	Series H-1964.....	3.750		1,838,500.00
	Series H-1965 (January to November).....	3.750	-28,495,000.00	1,284,000.00
	Series H-1965 (December).....	4.150	44,406,000.00	17,500.00
	Series H-1966.....	4.150	24,406,000.00	2,000.00
	Unclassified sales and redemptions.....		2,803,500.00	8,320,000.00
	Series J-1954.....	2.76	323,418.40	5,849,177.20
	Series J-1955.....	2.76	267,641.08	1,462,471.20
	Series J-1956.....	2.76	302,403.63	1,070,288.14
	Series J-1957.....	2.76	72,175.60	293,543.95
	Unclassified redemptions.....			1,208,112.51
	Series K-1954.....	2.76		21,133,000.00
	Series K-1955.....	2.76		2,748,000.00
	Series K-1956.....	2.76		1,617,500.00
	Series K-1957.....	2.76		315,000.00
	Unclassified redemptions.....			447,000.00
28	U.S. retirement plan bonds.....	3.75	118,270.54	24,783.43
28	Depository bonds, First Series.....	2.00	99,000.00	388,000.00
28	Treasury bonds, REA Series.....	2.00	155,000.00	350,000.00
28	Treasury bonds, Investment Series B-1975-80.....	2¾		
	Redeemed in exchange for 1¼% Treasury notes, Series EO-1970.....			5,102,000.00
28	Treasury notes, Series EO-1970.....	1½	5,102,000.00	
28	Miscellaneous.....			25,297,300.00
	Total February.....		20,594,640,673.54	20,698,474,412.17
Mar. 1	Treasury bonds, foreign currency series, maturing Mar. 1, 1966.....	3.84		50,314,465.41
	Treasury bills:			
	Regular weekly:			
3	Dated Sept. 2, 1965.....	4.058		
	Redeemed in exchange for series issued Mar. 3, 1966, due June 2, 1966.....			209,822,000.00
	Redeemed in exchange for series dated Mar. 3, 1966, due Sept. 1, 1966.....			153,517,000.00
	Redeemable for cash.....			1,837,918,000.00
3	Maturing June 2, 1966.....	4.661		
	Issued in exchange for series dated Sept. 2, 1965.....		209,822,000.00	
	Issued for cash.....		1,091,565,000.00	
3	Maturing Sept. 1, 1966.....	4.861		
	Issued in exchange for series dated Sept. 2, 1965.....		153,517,000.00	
	Issued for cash.....		847,954,000.00	
10	Dated Sept. 9, 1965.....	4.199		
	Redeemed in exchange for series issued Mar. 10, 1966, due June 9, 1966.....			139,126,000.00
	Redeemed in exchange for series dated Mar. 10, 1966, due Sept. 8, 1966.....			124,746,000.00
	Redeemable for cash.....			1,938,253,000.00
10	Maturing June 9, 1966.....	4.620		
	Issued in exchange for series dated Sept. 9, 1965.....		139,126,000.00	
	Issued for cash.....		1,161,312,000.00	
10	Maturing Sept. 8, 1966.....	4.816		
	Issued in exchange for series dated Sept. 9, 1965.....		124,746,000.00	
	Issued for cash.....		875,559,000.00	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966	Treasury bills—Continued			
Mar. 17	Regular weekly—Continued	Percent		
	Dated Sept. 16, 1965.....	4.227		
	Redeemed in exchange for series issued Mar. 17, 1966, due June 16, 1966.....			\$147,492,000.00
	Redeemed in exchange for series dated Mar. 17, 1966, due Sept. 15, 1966.....			64,344,000.00
	Redeemable for cash.....			1,994,768,000.00
17	Maturing June 16, 1966.....	4.718		
	Issued in exchange for series dated Sept. 16, 1965.....		\$147,492,000.00	
	Issued for cash.....		1,153,478,000.00	
17	Maturing Sept. 15, 1966.....	4.915		
	Issued in exchange for series dated Sept. 16, 1965.....		64,344,000.00	
	Issued for cash.....		937,899,000.00	
22	Tax anticipation: Dated Oct. 11, 1965.....	3.783		
	Redeemable for cash.....			3,009,402,000.00
24	Regular weekly: Dated Sept. 23, 1965.....	4.308		
	Redeemed in exchange for series issued Mar. 24, 1966, due June 23, 1966.....			164,485,000.00
	Redeemed in exchange for series dated Mar. 24, 1966, due Sept. 22, 1966.....			143,982,000.00
	Redeemable for cash.....			1,900,280,000.00
24	Maturing June 23, 1966.....	4.576		
	Issued in exchange for series dated Sept. 23, 1965.....		164,485,000.00	
	Issued for cash.....		1,136,078,000.00	
24	Maturing Sept. 22, 1966.....	4.776		
	Issued in exchange for series dated Sept. 23, 1965.....		143,982,000.00	
	Issued for cash.....		856,291,000.00	
25	Treasury notes, foreign series, maturing May 13, 1968.....	4.30		383,653.00
30	Certificates of indebtedness, foreign series, maturing: Mar. 30, 1966.....	4.457		325,000,000.00
	June 30, 1966.....	4.555	325,000,000.00	
30	Treasury certificates, maturing June 30, 1966.....	4.555	23,178,655.50	
31	Treasury notes, foreign series, maturing Dec. 31, 1968.....	4.86	40,000,000.00	
	Treasury bills: Regular weekly: Dated Mar. 31, 1965.....	4.310		
	Redeemed in exchange for series issued Mar. 31, 1966, due June 30, 1966.....			111,009,000.00
	Redeemed in exchange for series dated Mar. 31, 1966, due Sept. 29, 1966.....			93,251,000.00
	Redeemable for cash.....			1,996,150,000.00
31	Maturing June 30, 1966.....	4.554		
	Issued in exchange for series dated Mar. 31, 1965.....		111,009,000.00	
	Issued for cash.....		1,189,155,000.00	
31	Maturing Sept. 29, 1966.....	4.755		
	Issued in exchange for series dated Mar. 31, 1965.....		93,251,000.00	
	Issued for cash.....		906,670,000.00	
31	Other: Dated Mar. 31, 1965.....	3.987		
	Redeemed in exchange for series dated Mar. 31, 1966, due Mar. 31, 1967.....			75,949,000.00
	Redeemable for cash.....			924,355,000.00
31	Maturing Mar. 31, 1967.....	4.739		
	Issued in exchange for series dated Mar. 31, 1965.....		75,949,000.00	
	Issued for cash.....		924,077,000.00	
31	Treasury certificates, maturing: Mar. 31, 1966.....	4.14		62,961,546.56
	Mar. 31, 1966.....	4.457		20,470,654.09
	Apr. 30, 1966.....	4.11	63,171,860.55	

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966 Mar. 31	U.S. savings bonds: ⁴	Percent		
	Series E-1941.....	3.976	\$382,477.02	\$2,735,882.94
	Series E-1942.....	4.005	2,882,891.96	11,898,716.43
	Series E-1943.....	4.043	8,854,713.42	18,916,393.29
	Series E-1944.....	4.085	3,284,155.42	25,313,091.48
	Series E-1945.....	4.078	3,230,139.53	24,261,708.29
	Series E-1946.....	3.754	3,091,835.21	13,844,577.37
	Series E-1947.....	3.798	3,571,225.84	12,240,166.21
	Series E-1948.....	3.844	3,429,473.61	13,777,054.56
	Series E-1949.....	3.883	3,835,706.06	13,959,040.48
	Series E-1950.....	3.922	3,666,146.14	13,569,309.17
	Series E-1951.....	3.964	3,124,359.02	11,448,585.74
	Series E-1952 (January to April).....	3.990	1,582,082.64	4,307,259.29
	Series E-1952 (May to December).....	3.998	1,861,998.72	8,887,800.13
	Series E-1953.....	4.030	5,304,285.39	17,081,018.12
	Series E-1954.....	4.070	5,712,513.38	21,008,563.37
	Series E-1955.....	4.110	6,252,658.45	29,772,149.59
	Series E-1956.....	3.862	9,699,672.48	23,658,956.63
	Series E-1957 (January).....	3.780	-30,713.02	1,514,783.79
	Series E-1957 (February to December).....	3.915	8,148,811.96	14,717,874.77
	Series E-1958.....	3.959	5,822,279.63	14,711,536.77
	Series E-1959 (January to May).....	3.990	2,758,147.36	5,909,924.74
	Series E-1959 (June to December).....	3.815	2,537,474.00	7,942,173.70
	Series E-1960.....	3.859	5,927,194.37	19,749,789.10
	Series E-1961.....	3.904	6,516,813.98	17,306,498.82
	Series E-1962.....	3.955	6,238,671.69	20,900,156.41
	Series E-1963.....	4.009	7,156,215.48	25,087,516.55
	Series E-1964.....	4.059	7,079,336.75	35,458,373.88
	Series E-1965 (January to November).....	4.107	66,771,045.59	128,928,438.53
	Series E-1965 (December).....	4.150	167,166,971.34	21,537,131.25
	Series E-1966.....	4.150	225,314,524.77	83,756.25
	Unclassified sales and redemptions.....		\$-47,459,877.94	\$-115,067,698.22
	Series H-1952.....	3.392		846,500.00
	Series H-1953.....	3.409		2,003,500.00
	Series H-1954.....	3.438		3,881,000.00
	Series H-1955.....	3.467		6,970,500.00
	Series H-1956.....	3.496		6,730,000.00
	Series H-1957 (January).....	3.520		328,500.00
	Series H-1957 (February to December).....	3.626		2,166,500.00
	Series H-1958.....	3.679		3,274,500.00
	Series H-1959 (January to May).....	3.720		1,488,500.00
	Series H-1959 (June to December).....	3.750		1,629,000.00
	Series H-1960.....	3.750		4,104,500.00
	Series H-1961.....	3.750		4,361,500.00
	Series H-1962.....	3.750		3,175,000.00
	Series H-1963.....	3.750		2,769,500.00
	Series H-1964.....	3.750	-5,000.00	2,514,000.00
	Series H-1965 (January to November).....	3.750	139,500.00	1,775,500.00
	Series H-1965 (December).....	4.150	1,140,500.00	44,000.00
	Series H-1966.....	4.150	52,846,500.00	24,000.00
	Unclassified sales and redemptions.....		21,556,500.00	5,097,500.00
	Series J-1954.....	2.76	300,759.20	8,503,350.40
	Series J-1955.....	2.76	319,457.60	862,869.40
	Series J-1956.....	2.76	239,138.52	953,234.20
	Series J-1957.....	2.76	69,757.45	79,285.65
	Unclassified redemptions.....			465,063.77
	Series K-1954.....	2.76		21,668,500.00
	Series K-1955.....	2.76		3,622,500.00
	Series K-1956.....	2.76		1,883,000.00
	Series K-1957.....	2.76		202,500.00
	Unclassified redemptions.....			5,585,000.00
31	Treasury notes, Series EA-1966.....	1½		
	Adjustments of redemptions ⁷			9,000.00
31	Treasury notes, Series D-1966.....	4.00		
	Adjustments of redemptions ⁷			-46,000.00
31	Treasury bonds of 1966.....	3¾		
	Adjustments of redemptions ⁷			-5,419,000.00
31	Treasury notes, Series A-1966.....	4.00		
	Adjustments of redemptions ⁷			6,663,000.00
31	Treasury bonds of 1966.....	3.00		
	Adjustments of redemptions ⁷			-671,000.00
31	Treasury notes, Series E-1967.....	4½		
	Adjustments of issues ⁷		-792,000.00	
31	Treasury notes, Series A-1970.....	5.00		
	Adjustments of issues ⁷		305,000.00	
31	U.S. retirement plan bonds.....	3.75	68,073.98	33,336.20

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
<i>1966</i>		<i>Percent</i>		
Mar. 31	Depository bonds, First Series.....	2.00	\$137,000.00	\$163,000.00
31	Treasury bonds, REA Series.....	2.00	75,000.00	670,000.00
31	Treasury bonds, Investment Series B-1975-80. Redeemed in exchange for 1½% Treasury notes, Series EO-1970.....	2¾		17,353,000.00
31	Treasury notes, Series EO-1970.....	1½	17,353,000.00	
31	Miscellaneous.....			35,215,100.00
	Total March.....		13,588,577,933.25	16,104,419,088.11
Apr. 1	Treasury bonds, foreign currency series, maturing Apr. 1, 1966.....	3.85		50,314,465.41
1	Treasury notes, Series EA-1966.....	1½		150,955,000.00
1	Treasury certificates, maturing July 1, 1966.....	4.555	6,203,700.00	
	Treasury bills:			
	Regular weekly:			
7	Dated Oct. 7, 1965.....	4.389		
	Redeemed in exchange for series issued Apr. 7, 1966, due July 7, 1966.....			209,102,000.00
	Redeemed in exchange for series dated Apr. 7, 1966, due Oct. 6, 1966.....			123,134,000.00
	Redeemable for cash.....			1,973,385,000.00
7	Maturing July 7, 1966.....	4.531		
	Issued in exchange for series dated Oct. 7, 1965.....		209,102,000.00	
	Issued for cash.....		1,092,394,000.00	
7	Maturing Oct. 6, 1966.....	4.719		
	Issued in exchange for series dated Oct. 7, 1965.....		123,134,000.00	
	Issued for cash.....		878,657,000.00	
13	Treasury certificates, maturing June 30, 1966.....	4.555		3,843,061.91
	Treasury bills:			
	Regular weekly:			
14	Dated Oct. 14, 1965.....	4.409		
	Redeemed in exchange for series issued Apr. 14, 1966, due July 14, 1966.....			12,809,000.00
	Redeemed in exchange for series dated Apr. 14, 1966, due Oct. 13, 1966.....			3,505,000.00
	Redeemable for cash.....			2,284,195,000.00
14	Maturing July 14, 1966.....	4.617		
	Issued in exchange for series dated Oct. 14, 1965.....		12,809,000.00	
	Issued for cash.....		1,287,622,000.00	
14	Maturing Oct. 13, 1966.....	4.763		
	Issued in exchange for series dated Oct. 14, 1965.....		3,505,000.00	
	Issued for cash.....		996,748,000.00	
21	Dated Oct. 21, 1965.....	4.473		
	Redeemed in exchange for series issued Apr. 21, 1966, due July 21, 1966.....			246,121,000.00
	Redeemed in exchange for series dated Apr. 21, 1966, due Oct. 20, 1966.....			160,701,000.00
	Redeemable for cash.....			1,896,898,000.00
21	Maturing July 21, 1966.....	4.664		
	Issued in exchange for series dated Oct. 21, 1965.....		246,121,000.00	
	Issued for cash.....		1,054,623,000.00	
21	Maturing Oct. 20, 1966.....	4.754		
	Issued in exchange for series dated Oct. 21, 1965.....		160,701,000.00	
	Issued for cash.....		841,223,000.00	
26	Treasury bonds, foreign currency series, maturing Apr. 26, 1966.....	3.90		25,154,798.76
26	Certificates of indebtedness, foreign currency series, maturing:			
	Apr. 26, 1966.....	4.35		92,637,097.37
	Oct. 26, 1966.....	4.80	92,635,479.39	
	Treasury bills:			
	Regular weekly:			
28	Dated Oct. 28, 1965.....	4.420		
	Redeemed in exchange for series issued Apr. 28, 1966, due July 28, 1966.....			180,670,000.00
	Redeemed in exchange for series dated Apr. 28, 1966, due Oct. 27, 1966.....			162,502,000.00
	Redeemable for cash.....			1,958,974,000.00

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
	Treasury bills—Continued			
	Regular weekly—Continued			
1966	Maturing July 28, 1966	Percent		
Apr. 28	Issued in exchange for series dated Oct. 28, 1965	4.630	\$180,670,000.00	
	Issued for cash		1,120,378,000.00	
28	Maturing Oct. 27, 1966	4.730		
	Issued in exchange for series dated Oct. 28, 1965		162,502,000.00	
	Issued for cash		837,893,000.00	
28	Certificates of indebtedness, foreign series, maturing:			
	Apr. 28, 1966	4.60		\$140,000,000.00
29	July 29, 1966	4.65	50,000,000.00	
30	Treasury certificates, maturing:			
	Apr. 30, 1966	4.11		63,171,860.55
	Apr. 30, 1966	4.638		1,026,511.10
	May 31, 1966	4.01	63,374,590.30	
	July 31, 1966	4.630	1,038,105.40	
30	U.S. savings bonds: ⁵			
	Series E-1941	6 3.297	437,689.81	1,994,068.79
	Series E-1942	6 3.339	2,989,834.22	8,924,643.61
	Series E-1943	6 3.377	6,890,687.36	14,773,010.68
	Series E-1944	6 3.409	2,971,730.98	18,455,226.66
	Series E-1945	6 3.438	3,904,989.33	16,105,736.54
	Series E-1946	6 3.468	3,177,659.52	10,086,838.28
	Series E-1947	6 3.497	3,377,269.27	9,049,047.56
	Series E-1948	6 3.528	3,276,683.81	9,947,395.07
	Series E-1949	6 3.464	3,552,311.56	10,730,969.38
	Series E-1950	6 3.433	3,368,911.60	9,724,919.12
	Series E-1951	6 3.485	3,154,535.54	8,618,968.99
	Series E-1952 (January to April)	6 3.520	1,415,013.86	3,351,826.38
	Series E-1952 (May to December)	6 3.575	1,645,068.34	6,241,215.69
	Series E-1953	6 3.608	4,075,654.85	12,432,675.88
	Series E-1954	6 3.657	4,551,162.86	15,133,698.51
	Series E-1955	6 3.702	4,798,134.25	19,467,738.61
	Series E-1956	6 3.745	7,955,008.10	19,976,366.33
	Series E-1957 (January)	6 3.780	-1.69	1,047,969.46
	Series E-1957 (February to December)	6 3.915	5,672,266.74	12,337,792.60
	Series E-1958	6 3.959	5,861,601.67	12,100,472.43
	Series E-1959 (January to May)	6 3.990	2,661,673.92	4,859,212.84
	Series E-1959 (June to December)	6 3.815	3,043,677.56	6,428,971.94
	Series E-1960	6 3.859	6,008,977.39	15,100,598.36
	Series E-1961	6 3.904	6,675,128.16	14,290,244.89
	Series E-1962	6 3.955	6,557,104.63	22,833,015.22
	Series E-1963	6 4.009	7,977,284.04	23,115,637.17
	Series E-1964	6 4.059	7,609,357.31	31,290,939.98
	Series E-1965 (January to November)	6 4.107	8,855,452.47	87,364,474.24
	Series E-1965 (December)	4 1.150	21,595,162.50	40,552,125.00
	Series E-1966	4 1.150	412,211,943.75	27,663,881.25
	Unclassified sales and redemptions		⁶ -50,336,960.23	⁶ -51,554,338.78
	Series H-1952	6 3.485		699,500.00
	Series H-1953	6 3.519		1,866,500.00
	Series H-1954	6 3.566		4,252,500.00
	Series H-1955	6 3.610		8,191,500.00
	Series H-1956	6 3.659		7,906,500.00
	Series H-1957 (January)	6 3.700		258,500.00
	Series H-1957 (February to December)	6 3.671		1,863,000.00
	Series H-1958	6 3.762		3,349,000.00
	Series H-1959 (January to May)	6 3.830		1,315,000.00
	Series H-1959 (June to December)	6 3.874		1,239,500.00
	Series H-1960	6 3.901		4,259,500.00
	Series H-1961	6 3.943		4,202,500.00
	Series H-1962	6 3.982		3,388,000.00
	Series H-1963	6 4.023		2,791,500.00
	Series H-1964	6 4.072	11,000.00	2,659,500.00
	Series H-1965 (January to November)	6 4.110	38,500.00	2,108,000.00
	Series H-1965 (December)	4 1.150	57,000.00	2,503.00
	Series H-1966	4 1.150	39,159,000.00	13,500.00
	Unclassified sales and redemptions		18,665,500.00	⁶ -8,784,500.00
	Series J-1954	2 7.6	309,602.40	7,513,927.20
	Series J-1955	2 7.6	325,953.60	707,391.60
	Series J-1956	2 7.6	180,023.03	1,152,946.98
	Series J-1957	2 7.6	74,699.80	46,205.05
	Unclassified redemptions			2,040,364.60
	Series K-1954	2 7.6		24,765,000.00
	Series K-1955	2 7.6		3,342,500.00

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966		Percent		
Apr. 30	U.S. savings bonds ⁴ —Continued			
	Series K-1956.....	2.76		\$1,303,500.00
	Series K-1957.....	2.76		155,000.00
	Unclassified redemptions.....			2,847,500.00
30	Treasury notes, Series A-1966.....	4.00		
	Adjustments of redemptions ⁷			1,302,000.00
30	Treasury notes, Series D-1966.....	4.00		
	Adjustments of redemptions ⁷			-613,000.00
30	Treasury bonds of 1966.....	3.00		
	Adjustments of redemptions ⁷			15,000.00
30	Treasury bonds of 1966.....	3½		
	Adjustments of redemptions ⁷			-726,000.00
30	Treasury notes, Series A-1970.....	5.00		
	Adjustments of issues ⁷		\$30,000.00	
30	U.S. retirement plan bonds.....	3.75	126,142.74	35,777.14
30	Depository bonds, First Series.....	2.00	44,000.00	543,000.00
30	Treasury bonds, REA Series.....	2.00	148,000.00	34,000.00
30	Treasury bonds, Investment Series B-1975-80.....	2½		
	Redeemed in exchange for:			
	1½% Treasury notes, Series EO-1970.....			51,391,000.00
	1½% Treasury notes, Series EA-1971.....			2,028,000.00
30	Treasury notes, Series EO-1970.....	1½	51,391,000.00	
30	Treasury notes, Series EA-1971.....	1½	2,028,000.00	
30	Miscellaneous.....			44,450,800.00
	Total April.....		10,039,857,310.24	10,365,461,050.35
May 2 ⁸	Treasury bills:			
	Other:			
	Dated Apr. 30, 1965.....	3.996		
	Redeemed in exchange or series dated Apr. 30, 1966, due Apr. 30, 1967.....			189,875,000.00
	Redeemable for cash.....			811,287,000.00
2	Maturing Apr. 30, 1967.....	4.773		
	Issued in exchange for series dated Apr. 30, 1965.....		189,875,000.00	
	Issued for cash.....		810,856,000.00	
2	Treasury bonds, foreign currency series, maturing May 2, 1966.....	3.77		50,322,061.19
2	Certificates of indebtedness, foreign currency series, maturing May 2, 1967.....	4.87	49,767,337.70	
3	Treasury notes, foreign series, maturing:			
	May 13, 1968.....	4.30		622,942.61
	May 13, 1968.....	4.30		312,219.20
	Treasury bills:			
	Regular weekly:			
5	Dated Nov. 4, 1965.....	4.456		
	Redeemed in exchange for series issued May 5, 1966, due Aug. 4, 1966.....			198,151,000.00
	Redeemed in exchange for series dated May 5, 1966, due Nov. 3, 1966.....			164,535,000.00
	Redeemable for cash.....			1,938,303,000.00
5	Maturing Aug. 4, 1966.....	4.673		
	Issued in exchange for series dated Nov. 4, 1965.....		198,151,000.00	
	Issued for cash.....		1,102,167,000.00	
5	Maturing Nov. 3, 1966.....	4.782		
	Issued in exchange for series dated Nov. 4, 1965.....		164,535,000.00	
	Issued for cash.....		825,474,000.00	
9	Treasury notes, foreign series, maturing May 13, 1968.....	4.30		5,262,665.87
	Treasury bills:			
	Regular weekly:			
12	Dated Nov. 12, 1965.....	4.464		
	Redeemed in exchange for series issued May 12, 1966, due Aug. 11, 1966.....			138,300,000.00
	Redeemed in exchange for series dated May 12, 1966, due Nov. 10, 1966.....			104,226,000.00
	Redeemable for cash.....			2,061,262,000.00
12	Maturing Aug. 11, 1966.....	4.630		
	Issued in exchange for series dated Nov. 12, 1965.....		138,300,000.00	
	Issued for cash.....		1,163,147,000.00	

Footnotes at end of table.

TABLE 44.—Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966	Treasury bills—Continued			
May 12	Regular weekly—Continued			
	Maturing Nov. 10, 1966	Percent 4.818		
	Issued in exchange for series dated Nov. 12, 1965		\$104,226,000.00	
	Issued for cash		897,252,000.00	
15	Treasury notes, Series D-1966	4.00		
	Redeemed in exchange for:			
	4½% Treasury notes, Series F-1967			\$7,486,088,000.00
	Redeemable for cash			803,056,000.00
15	Treasury bonds of 1966	3¾		
	Redeemed in exchange for:			
	4½% Treasury notes, Series F-1967			648,982,000.00
	Redeemable for cash			381,521,500.00
15	Treasury notes, Series F-1967	4½		
	Issued in exchange for:			
	4% Treasury notes, Series D-1966		7,486,088,000.00	
	3¾% Treasury bonds of 1966		648,982,000.00	
16	Treasury bonds, foreign currency series, maturing May 16, 1966	3.92		23,174,433.96
17	Treasury bonds, maturing June 30, 1967	4.00		4,974,692.50
	Treasury bills:			
	Regular weekly:			
19	Dated Nov. 18, 1965	4 4.505		
	Redeemed in exchange for series issued May 19, 1966, due Aug. 18, 1966			217,435,000.00
	Redeemed in exchange for series dated May 19, 1966, due Nov. 17, 1966			145,282,000.00
	Redeemable for cash			1,938,684,000.00
19	Maturing Aug. 18, 1966	4.626		
	Issued in exchange for series dated Nov. 18, 1965		217,435,000.00	
	Issued for cash		1,082,976,000.00	
19	Maturing Nov. 17, 1966	4.823		
	Issued in exchange for series dated Nov. 18, 1965		145,282,000.00	
	Issued for cash		855,219,000.00	
23	Treasury certificates, maturing June 30, 1966	4.555		894,070.28
26	Treasury notes, foreign series, maturing May 13, 1968	4.30		228,970.14
	Treasury bills:			
	Regular weekly:			
26	Dated Nov. 26, 1965	4 4.504		
	Redeemed in exchange for series issued May 26, 1966, due Aug. 25, 1966			282,536,000.00
	Redeemed in exchange for series dated May 26, 1966, due Nov. 25, 1966			193,471,000.00
	Redeemable for cash			1,836,750,000.00
26	Maturing Aug. 25, 1966	4.638		
	Issued in exchange for series dated Nov. 26, 1965		282,536,000.00	
	Issued for cash		1,019,069,000.00	
26	Maturing Nov. 25, 1966	4.835		
	Issued in exchange for series dated Nov. 26, 1965		193,471,000.00	
	Issued for cash		807,013,000.00	
	Other:			
31	Dated May 31, 1965	3.954		
	Redeemed in exchange for series dated May 31, 1966, due May 31, 1967			198,592,000.00
	Redeemable for cash			802,294,000.00
31	Maturing May 31, 1967	4.966		
	Issued in exchange for series dated May 31, 1965		198,592,000.00	
	Issued for cash		802,616,000.00	
31	Certificates of indebtedness, foreign series, maturing Aug. 31, 1966	4.65	50,000,000.00	
31	Treasury certificates, maturing:			
	May 31, 1966	4.01		63,374,590.30
	June 30, 1966	4.26	63,579,636.62	
31	U.S. savings bonds: ³			
	Series E-1941	* 3.297	800,729.99	1,617,545.19
	Series E-1942	* 3.339	3,161,889.16	7,405,844.23
	Series E-1943	* 3.377	3,585,655.12	12,052,080.63
	Series E-1944	* 3.409	5,078,159.99	14,378,313.05
	Series E-1945	* 3.438	9,449,925.55	12,986,390.07

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966 May 31	U.S. savings bonds ⁵ —Continued	Percent		
	Series E-1946.....	3.468	\$3,160,345.29	\$8,439,773.06
	Series E-1947.....	3.497	3,085,498.81	7,266,105.12
	Series E-1948.....	3.528	3,281,101.86	7,900,227.87
	Series E-1949.....	3.464	3,483,867.05	8,113,754.26
	Series E-1950.....	3.433	3,263,824.66	7,859,229.57
	Series E-1951.....	3.485	2,956,837.97	7,155,524.52
	Series E-1952 (January to April).....	3.520	—24,958.39	2,736,445.51
	Series E-1952 (May to December).....	3.575	1,687,177.10	5,323,218.39
	Series E-1953.....	3.608	4,065,960.35	10,398,458.11
	Series E-1954.....	3.667	4,401,647.31	11,831,172.69
	Series E-1955.....	3.702	4,832,902.03	15,178,720.55
	Series E-1956.....	3.745	6,850,109.60	16,558,504.89
	Series E-1957 (January).....	3.780	16.71	867,467.10
	Series E-1957 (February to December).....	3.915	6,295,961.61	10,061,466.66
	Series E-1958.....	3.959	5,482,314.20	10,084,583.15
	Series E-1959 (January to May).....	3.990	2,491,341.58	4,072,991.63
	Series E-1959 (June to December).....	3.815	2,798,467.05	5,445,656.16
	Series E-1960.....	3.859	5,509,064.94	11,690,045.79
	Series E-1961.....	3.904	6,331,617.16	11,416,429.65
	Series E-1962.....	3.955	6,234,641.39	14,845,144.62
	Series E-1963.....	4.008	6,928,325.47	17,616,805.98
	Series E-1964.....	4.058	7,055,190.33	25,499,783.54
	Series E-1965 (January to November).....	4.107	5,518,246.17	62,383,447.59
	Series E-1965 (December).....	4.150	1,303,725.00	20,126,812.50
	Series E-1966.....	4.150	323,235,231.48	51,707,812.50
	Unclassified sales and redemptions.....		50,405,482.00	5,162,177.65
	Series H-1952.....	3.485		459,500.00
	Series H-1953.....	3.519		1,453,000.00
	Series H-1954.....	3.566		3,109,000.00
	Series H-1955.....	3.610		3,467,500.00
	Series H-1956.....	3.659		8,934,000.00
	Series H-1957 (January).....	3.700		149,500.00
	Series H-1957 (February to December).....	3.671		1,807,000.00
	Series H-1958.....	3.762		2,944,000.00
	Series H-1959 (January to May).....	3.830		1,326,000.00
	Series H-1959 (June to December).....	3.874		1,190,000.00
	Series H-1960.....	3.901		3,642,500.00
	Series H-1961.....	3.943		4,003,500.00
	Series H-1962.....	3.982		3,185,000.00
	Series H-1963.....	4.023		2,790,500.00
	Series H-1964.....	4.072		1,904,500.00
	Series H-1965 (January to November).....	4.110	55,500.00	1,901,000.00
	Series H-1965 (December).....	4.150	71,000.00	36,000.00
	Series H-1966.....	4.150	70,034,500.00	70,500.00
	Unclassified sales and redemptions.....		11,741,500.00	110,500.00
	Series J-1954.....	2.76	331,782.00	9,933,652.40
	Series J-1955.....	2.76	283,737.60	894,048.00
	Series J-1956.....	2.76	178,223.28	772,491.72
	Series J-1957.....	2.76	—224.00	121,290.75
	Unclassified redemptions.....			1,230,002.26
	Series K-1954.....	2.76		26,942,500.00
	Series K-1955.....	2.76		3,280,000.00
	Series K-1956.....	2.76		2,020,000.00
	Series K-1957.....	2.76		438,500.00
	Unclassified redemptions.....			4,567,500.00
31	Treasury notes, Series A-1966.....	4.00		—2,878,000.00
	Adjustments of redemptions ⁷			—445,000.00
31	Treasury bonds of 1966.....	3.00		—1,958,000.00
	Adjustments of redemptions ⁷			
31	Treasury bonds of 1966.....	3¾		
	Adjustments of redemptions ⁷			
31	Treasury notes, Series E-1967.....	4½	512,000.00	
	Adjustments of issues ⁷			
31	Treasury notes, Series A-1970.....	5.00		
	Adjustments of issues ⁷		—4,839,000.00	
31	U.S. retirement plan bonds.....	3.75	125,406.09	3,473.88
31	Depository bonds, First Series.....	2.00	134,000.00	1,956,000.00
31	Treasury bonds REA Series.....	2.00	80,000.00	835,000.00
31	Treasury bonds Investment Series B-1975-80.....	2¾		
	Redeemed in exchange for:			
	1½% Treasury notes, Series EA-1971.....	1½	9,534,000.00	9,534,000.00
31	Treasury notes, Series EA-1971.....	1½		43,228,700.00
31	Miscellaneous.....			
	Total May.....		20,054,078,697.83	21,229,339,532.57

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966				
June 1	Treasury bonds, foreign currency series, maturing June 1, 1966	Percent 3.90		\$50,289,162.69
1	Certificates of indebtedness, foreign series, maturing June 30, 1966	4.555		50,000,000.00
	Treasury bills:			
	Regular weekly:			
2	Dated Dec. 2, 1965	4.482		
	Redeemed in exchange for series issued June 2, 1966, due Sept. 1, 1966			279,629,000.00
	Redeemed in exchange for series dated June 2, 1966, due Dec. 1, 1966			172,417,000.00
	Redeemable for cash			1,849,494,000.00
2	Maturing Sept. 1, 1966	4.641		
	Issued in exchange for series dated Dec. 2, 1965		\$279,629,000.00	
	Issued for cash		1,020,713,000.00	
2	Maturing Dec. 1, 1966	4.826		
	Issued in exchange for series dated Dec. 2, 1965		172,417,000.00	
	Issued for cash		828,891,000.00	
3	Treasury certificates, maturing June 30, 1966	4.555		1,642,272.59
8	Certificates of indebtedness, foreign series, maturing June 30, 1966	4.555		130,000,000.00
	Treasury bills:			
	Regular weekly:			
9	Dated Dec. 9, 1965	4.554		
	Redeemed in exchange for series issued June 9, 1966, due Sept. 8, 1966			236,814,000.00
	Redeemed in exchange for series dated June 9, 1966, due Dec. 8, 1966			106,435,000.00
	Redeemable for cash			1,957,277,000.00
9	Maturing Sept. 8, 1966	4.573		
	Issued in exchange for series dated Dec. 9, 1965		236,814,000.00	
	Issued for cash		1,063,413,000.00	
9	Maturing Dec. 8, 1966	4.744		
	Issued in exchange for series dated Dec. 9, 1965		106,435,000.00	
	Issued for cash		894,082,000.00	
14	Treasury certificates, maturing:			
	Dec. 15, 1966	1.00	2,500,000.00	
15	Dec. 15, 1966	1.00		279,849.47
	June 15, 1966	1.00		2,185,619.93
15	Treasury notes, foreign series, maturing May 13, 1968	4.30		4,552,315.95
	Treasury bills:			
	Regular weekly:			
16	Dated Dec. 16, 1965	4.646		
	Redeemed in exchange for series issued June 16, 1966, due Sept. 15, 1966			234,482,000.00
	Redeemed in exchange for series dated June 16, 1966, due Dec. 15, 1966			125,193,000.00
	Redeemable for cash			1,941,798,000.00
16	Maturing Sept. 15, 1966	4.575		
	Issued in exchange for series dated Dec. 16, 1965		234,482,000.00	
	Issued for cash		1,065,757,000.00	
16	Maturing Dec. 15, 1966	4.708		
	Issued in exchange for series dated Dec. 16, 1965		125,193,000.00	
	Issued for cash		876,478,000.00	
17	Certificates of indebtedness, foreign series, maturing:			
	Sept. 16, 1966	4.575	40,000,000.00	
20	Sept. 16, 1966	4.575	65,000,000.00	
22	June 22, 1966	4.375		50,000,000.00
	Dec. 22, 1966	4.50	50,000,000.00	
	June 30, 1966	4.555		125,000,000.00
	Treasury bills:			
	Tax anticipation:			
22	Dated Oct. 11, 1965	4.091		
	Redeemable for cash			4,522,423,000.00
23	Certificates of indebtedness, foreign series, maturing June 30, 1966	4.555		20,000,000.00

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966	Treasury bills:			
June 23	Regular weekly:	Percent		
	Dated Dec. 23, 1965	⁴ 4.627		
	Redeemed in exchange for series issued June 23, 1966, due Sept. 22, 1966			\$260,496,000.00
	Redeemed in exchange for series dated June 23, 1966, due Dec. 22, 1966			164,924,000.00
	Redeemable for cash			1,878,441,000.00
23	Maturing Sept. 22, 1966	4.470		
	Issued in exchange for series dated Dec. 23, 1965		\$260,496,000.00	
	Issued for cash		1,040,380,000.00	
23	Maturing Dec. 22, 1966	4.591		
	Issued in exchange for series dated Dec. 23, 1965		164,924,000.00	
	Issued for cash		835,451,000.00	
24	Treasury notes, foreign series, maturing May 13, 1968	4.30		604,057.01
29	Treasury certificates, maturing June 30, 1966	4.26	631,325.53	
30	Certificates of indebtedness, foreign series, maturing Sept. 30, 1966	4.45	50,000,000.00	
	Treasury bills:			
	Regular weekly:			
30	Dated June 30, 1965	⁴ 4.598		
	Redeemed in exchange for series issued June 30, 1966, due Sept. 29, 1966			209,324,000.00
	Redeemed in exchange for series dated June 30, 1966, due Dec. 29, 1966			150,466,000.00
	Redeemable for cash			1,941,503,000.00
30	Maturing Sept. 29, 1966	4.435		
	Issued in exchange for series dated June 30, 1965		209,324,000.00	
	Issued for cash		1,090,852,000.00	
30	Maturing Dec. 29, 1966	4.610		
	Issued in exchange for series dated June 30, 1965		150,466,000.00	
	Issued for cash		849,435,000.00	
	Other:			
30	Dated June 30, 1965	3.807		
	Redeemed in exchange for series dated June 30, 1966, due June 30, 1967			51,723,000.00
	Redeemable for cash			948,924,000.00
30	Maturing June 30, 1967	4.697		
	Issued in exchange for series dated June 30, 1965		51,723,000.00	
	Issued for cash		949,720,000.00	
30	Treasury certificates, maturing:			
	June 30, 1966	4.555		18,799,250.72
	June 30, 1966	4.26		64,210,962.15
	July 31, 1966	4.24	64,422,517.18	
	Sept. 30, 1966	4.435	19,013,582.09	
30	Treasury bonds, maturing June 30, 1967	4.00	86,025.14	
30	U.S. savings bonds: ⁵			
	Series E-1941	⁶ 3.297	2,140,610.64	1,574,358.02
	Series E-1942	⁶ 3.339	4,043,475.85	7,110,087.57
	Series E-1943	⁶ 3.377	4,040,046.72	11,318,996.52
	Series E-1944	⁶ 3.409	11,721,464.96	13,604,480.14
	Series E-1945	⁶ 3.438	9,974,289.93	12,974,815.22
	Series E-1946	⁶ 3.468	4,374,615.19	8,108,544.82
	Series E-1947	⁶ 3.497	4,113,687.21	6,887,578.33
	Series E-1948	⁶ 3.528	4,512,810.04	7,850,747.35
	Series E-1949	⁶ 3.464	4,855,642.73	7,814,382.22
	Series E-1950	⁶ 3.433	4,005,324.04	7,575,535.37
	Series E-1951	⁶ 3.485	3,575,285.24	6,880,509.53
	Series E-1952 (January to April)	⁶ 3.520	—20,037.02	2,607,822.38
	Series E-1952 (May to December)	⁶ 3.575	1,821,179.31	5,096,852.75
	Series E-1953	⁶ 3.608	4,205,719.63	9,792,814.89
	Series E-1954	⁶ 3.657	4,300,077.75	10,958,001.38
	Series E-1955	⁶ 3.702	4,824,640.30	14,133,122.14
	Series E-1956	⁶ 3.745	8,904,658.78	16,482,257.27
	Series E-1957 (January)	⁶ 3.780	8.17	821,462.45
	Series E-1957 (February to December)	⁶ 3.915	7,850,568.68	10,145,369.13
	Series E-1958	⁶ 3.959	6,635,724.65	10,024,608.84
	Series E-1959 (January to May)	⁶ 3.990	—32,396.83	4,083,583.79
	Series E-1959 (June to December)	⁶ 3.815	6,337,846.95	5,219,165.78
	Series E-1960	⁶ 3.859	6,543,889.57	10,788,080.37

Footnotes at end of table.

TABLE 44.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1965–June 1966—Continued*

Date	Securities	Rate of interest ¹	Amount issued ²	Amount matured or called or redeemed prior to maturity ³
1966 June 30	U.S. savings bonds ⁴ —Continued	Percent		
	Series E-1961.....	⁵ 3.904	\$7,098,635.00	\$11,184,277.05
	Series E-1962.....	⁵ 3.955	7,339,930.21	13,650,017.42
	Series E-1963.....	⁵ 4.009	7,577,663.96	10,876,451.89
	Series E-1964.....	⁵ 4.059	8,005,060.58	24,278,212.37
	Series E-1965 (January to November).....	⁵ 4.107	3,476,136.70	53,053,185.44
	Series E-1965 (December).....	4.150	3,957,271.41	13,590,675.00
	Series E-1966.....	4.150	382,034,325.00	68,679,600.00
	Unclassified sales and redemptions.....		⁶ -19,084,825.15	31,357,560.36
	Series H-1952.....	⁵ 3.485		470,500.00
	Series H-1953.....	⁵ 3.519		1,530,000.00
	Series H-1954.....	⁵ 3.566		3,033,000.00
	Series H-1955.....	⁵ 3.610		5,179,500.00
	Series H-1956.....	⁵ 3.659		7,007,000.00
	Series H-1957 (January).....	3.700		154,000.00
	Series H-1957 (February to December).....	⁵ 3.671		1,990,500.00
	Series H-1958.....	⁵ 3.762		3,350,500.00
	Series H-1959 (January to May).....	3.830		1,340,500.00
	Series H-1959 (June to December).....	⁵ 3.874		1,258,000.00
	Series H-1960.....	⁵ 3.901		3,904,500.00
	Series H-1961.....	⁵ 3.943		4,251,000.00
	Series H-1962.....	⁵ 3.982		3,232,500.00
	Series H-1963.....	⁵ 4.023		2,582,000.00
	Series H-1964.....	⁵ 4.072	7,500.00	1,986,500.00
	Series H-1965 (January to November).....	⁵ 4.110	87,000.00	2,162,000.00
	Series H-1965 (December).....	4.150	3,000.00	500.00
	Series H-1966.....	4.150	72,044,500.00	102,500.00
	Unclassified sales and redemptions.....		⁶ -19,897,000.00	⁶ -3,139,000.00
	Series J-1954.....	2.76	423,250.40	10,765,803.20
	Series J-1955.....	2.76	289,910.80	970,383.60
	Series J-1956.....	2.76	222,217.64	511,600.50
	Series J-1957.....	2.76	-619.50	100,951.05
	Unclassified redemptions.....			637,058.05
	Series K-1954.....	2.76		25,074,500.00
	Series K-1955.....	2.76		3,371,500.00
	Series K-1956.....	2.76		1,619,000.00
	Series K-1957.....	2.76		388,000.00
	Unclassified redemptions.....			⁶ -804,500.00
30	Treasury notes, Series A-1966.....	4.00		150,000.00
	Adjustments of redemptions ⁷			
30	Treasury notes, Series F-1967.....	4½		
	Adjustments of issues ⁷		5,000.00	
30	U.S. retirement plan bonds.....	3.75	297,354.84	42,724.78
30	Depository bonds, First Series.....	2.00	191,000.00	1,271,000.00
30	Treasury bonds, R&A Series.....	2.00	71,000.00	164,000.00
30	Treasury bonds, Investment Series B-1975-80.....	2¾		
	Redeemed in exchange for:			
	1½% Treasury notes, Series EA-1971.....			2,566,000.00
30	Treasury notes, Series EA-1971.....	1½	2,566,000.00	
30	Miscellaneous.....			114,826,700.00
	Total June.....		13,364,174,894.32	18,175,933,376.48
	Total fiscal year 1966.....		186,706,112,121.62	186,799,517,045.54

¹ For Treasury bills, average rate on bank discount basis is shown; for savings bonds, approximate yield to maturity is shown.

² Since May 1, 1957, Series E and H bonds have been the only savings bonds on sale. Amounts shown for Series E and J represent issue price plus accrued discount, and amounts shown for Series H represent issue price at par.

³ For savings bonds of Series E and J, amounts represent current redemption value (issue price plus accrued discount); and for Series H and K, amounts represent redemption value at par.

⁴ Average interest rate for combined original and additional issues.

⁵ At option of owner, Series E bonds dated May 1, 1941, through May 1, 1949, may be held and will accrue interest for additional 20 years; bonds dated on and after June 1, 1949, may be held and will accrue interest for additional 10 years. At option of owner, Series H bonds dated June 1, 1952, through May 1, 1959, may be held and will accrue interest for additional 10 years.

⁶ Represents a weighted average of the approximate yields of bonds of various issue dates within the yearly series if held to maturity or if held from issue date to end of applicable extension period, computed on the basis of bonds outstanding Jan. 31, 1966. (See Treasury Circulars Nos. 653 (Seventh Revision) and 905 (Fourth Revision) for details of yields by issue dates, for Series E and Series H savings bonds, respectively. Circulars are dated Mar. 18, 1966, and Apr. 7, 1966, respectively, and printed as exhibits 6 and 8 of this report.)

⁷ Adjustments of amounts originally reported on date of issue or exchange.

⁸ Settlement made subsequent to last day of month in which bills matured.

⁹ Amounts transferred from unclassified sales or redemptions to sales or redemptions of designated series.

TABLE 45.—Allotments by investor classes on subscriptions for public marketable securities other than regular weekly Treasury bills, fiscal year 1966

[In millions of dollars. On basis of subscription and allotment reports]

Issue				Allotments by investor classes										
Date of financing	Description ¹	Amount issued		U.S. Government investment accounts and Federal Reserve banks	Commercial banks ²	Individuals ³	Insurance companies	Mutual savings banks	Corporations ⁴	Private pension and retirement funds	State and local governments ⁵		Dealers and brokers	All other ⁶
		For cash	In exchange for other securities								Pension and retirement funds	Other funds		
1965														
July 31	3.875% bill, July 31, 1966	7 1,000		160	293	6	(*)	(*)	37	(*)	(*)	5	420	79
Aug. 13	4% note, Feb. 15, 1967-C		5,151	3,051	1,210	88	34	27	236	37	(*)	274	75	119
	4% bond, Feb. 15, 1969 ⁸		1,884	1,076	476	7	36	7	6	4	(*)	104	119	49
Aug. 31	4.006% bill, Aug. 31, 1966	7 1,000		189	311	4	(*)	(*)	14	(*)		6	408	68
Sept. 30	4.236% bill, Sept. 30, 1966	7 1,000		283	339	9	3	1	31	(*)	(*)	8	264	62
Oct. 11	3.783% bill, Mar. 22, 1966 ⁹	3,009		3,001	1	1	1	2	2	(*)		1	(*)	3
	3.941% bill, June 22, 1966 ⁹	1,003		1,001	(*)	(*)			1				(*)	1
Oct. 31	4.192% bill, Oct. 31, 1966	7 1,001		202	314	8	4	1	73	(*)		11	281	106
Nov. 15	4 1/4% note, May 15, 1967-D ¹⁰	3,125	6,623	6,577	1,854	144	47	84	144	39	1	175	313	371
Nov. 24	4.078% bill, June 22, 1966 ⁸ ⁹	2,513		2,499	2	1	1		5	(*)		3	1	2
Nov. 30	4.277% bill, Nov. 30, 1966	7 1,001		171	453	12	2	(*)	22	1		6	256	78
Dec. 31	4.731% bill, Dec. 31, 1966	7 1,001		63	291	9	(*)	(*)	8	(*)		6	459	165
1966														
Jan. 5	4.281% bill, June 22, 1966 ⁸ ⁹	1,007			995	1	(*)		2	(*)		(*)	1	8
Jan. 19	4 3/4% certificate, Nov. 15, 1966-A	1,652		(*)	1,469	62	9	10	25	2	(*)	18	4	53
Jan. 31	4.699% bill, Jan. 31, 1967	7 1,001		192	486	19	(*)	8	40	(*)		5	176	75
Feb. 15	4 1/2% note, Aug. 15, 1967-E		2,117	1,250	524	44	10	8	126	2	(*)	81	28	44
	5% note, Nov. 15, 1970-A		7,675	1,121	3,919	388	222	163	220	72	8	327	636	600
Feb. 28	4.945% bill, Feb. 28, 1967	7 1,000		124	314	9	(*)	1	59	1	(*)	33	352	107
Mar. 31	4.739% bill, Mar. 31, 1967	7 1,000		75	397	8	(*)		29	(*)		10	374	107
Apr. 30	4.773% bill, Apr. 30, 1967	7 1,001		190	332	8	3		34	(*)		9	302	123
May 15	4 1/2% note, Nov. 15, 1967-F		8,135	6,685	704	56	27	17	47	3	(*)	185	225	186
May 31	4.966% bill, May 31, 1967	7 1,001		198	302	6	(*)		30	(*)		20	347	98
June 30	4.697% bill, June 30, 1967	7 1,001		50	383	15	(*)		34	(*)		58	406	55

* Less than \$500,000.

¹ Excludes 1½ percent Treasury EA and EO notes issued in exchange for nonmarketable 2¾ percent Treasury bonds, Investment Series B-1975-80.

² Includes trust companies and stock savings banks.

³ Includes partnerships and personal trust accounts.

⁴ Exclusive of banks and insurance companies.

⁵ Consists of trusts, sinking, and investment funds of State and local governments and their agencies.

⁶ Includes savings and loan associations, nonprofit institutions, and investments of foreign balances and international accounts in this country.

⁷ Issued as a rollover of monthly 1-year bills.

⁸ Reopening of earlier issue.

⁹ Tax anticipation security.

¹⁰ Offerings of these securities, subject to allotments, were made for the purpose of paying off maturing securities in cash. Holders of the maturing securities were not offered preemptive rights to exchange their holdings but were permitted to present them in payment or exchange, in whole or in part, for the new issues.

NOTE.—Allotments from July 15, 1953, through May 15, 1959, will be found in the 1959 annual report, pp. 528-530. For the fiscal year 1960, see 1960 annual report, p. 573, for fiscal 1961, see 1961 annual report, p. 604, for fiscal 1962, see 1962 annual report, p. 722, for fiscal 1963, see 1963 annual report, p. 606, for fiscal 1964, see 1964 annual report, p. 570, for fiscal 1965, see 1965 annual report, p. 666, and for current figures see monthly "Treasury Bulletin."

TABLE 46.—Statutory debt retirements, fiscal years 1918-66

[In thousands of dollars. On basis of par amounts and of daily Treasury statements through 1947, and on basis of Public Debt accounts thereafter, see "Bases of Tables"]

Fiscal year	Cumulative sinking fund	Repayments of foreign debt	Bonds and notes received for estate taxes	Bonds received for loans from Public Works Administration	Franchise tax receipts, Federal Reserve banks	Payments from net earnings, Federal intermediate credit banks	Commodity Credit Corporation capital repayments	Miscellaneous gifts, forfeitures, etc.	Total
1918.					1,134				1,134
1919.		7,922	93						8,015
1920.		72,670	3,141		2,922			13	78,746
1921.	261,100	73,939	26,349		60,724			15,010	427,123
1922.	276,046	64,838	21,085		60,333			393	422,695
1923.	284,019	100,893	6,569		10,815			555	402,850
1924.	295,987	149,388	8,897		3,635			93	458,000
1925.	306,309	159,179	47		114	680		208	466,538
1926.	317,092	169,654			59	509		63	487,376
1927.	333,528	179,216			818	414		5,578	519,555
1928.	354,741	181,804	2		250	369		3,090	540,255
1929.	370,277	176,213	20		2,667	266		160	549,604
1930.	388,369	160,926	73		4,283	172		61	553,884
1931.	391,660	48,246			18	74		85	440,082
1932.	412,555		1			21		53	412,630
1933.	425,660	33,887			2,037			21	461,605
1934.	359,492	357						15	359,864
1935.	573,001		1					556	573,558
1936.	403,238							1	403,240
1937.	103,815	142						14	103,971
1938.	65,116	210						139	65,465
1939.	48,518	120		8,095		1,501		12	58,246
1940.	128,349			134		685		16	129,184
1941.	37,011			1,321		548	25,364	16	64,260
1942.	75,342			668		315	18,393	5	94,722
1943.	3,460							4	3,463
1944.	-1							3	2
1945.								2	2
1946.								4	4
1947.								(2)	
1948.	746,636			8,028		1,634	45,509	209,828	1,011,636
1949.	7,498					178		81	7,758
1950.	1,815					261	48,943	690	51,709
1951.	839					394			1,232
1952.	551					300			851
1953.	241					285			526
1954.						387			387
1955.						231			231
1956.	762,627					462			763,089
1957.						139			139
1958.									
1959.	-57								-57
1960.									
1961.	1,000,000								1,000,000
1962.								1,000	1,000
1963.								58,000	58,000
1964.									
1965.								73,100	73,100
1966.								12,336	12,336
Total.....	8,734,833	1,579,605	66,278	18,246	149,809	9,825	138,209	371,205	1,068,011

¹ Includes \$4,842,066.45 written off the debt Dec. 31, 1920, for fractional currency estimated to have been lost or destroyed in circulation.² Beginning with 1947, bonds acquired through gifts, forfeitures, and estate taxes are redeemed prior to maturity from regular public debt receipts.³ Represents payments from net earnings, War Damage Corporation.⁴ Represents Treasury notes of 1890 determined by the Secretary of the Treasury on Oct. 20, 1961, pursuant to the Old Series Currency Adjustment Act approved June 30, 1961 (31 U.S.C. 912-916) to have been destroyed or irretrievably lost and so will never be presented for redemption.⁵ Represents \$15,000,000 national bank notes, \$1,000,000 Federal Reserve bank notes, and \$15,000,000 silver certificates, all issued prior to July 1, 1929; \$18,000,000 Federal Reserve notes issued prior to the series of 1928; \$9,000,000 gold certificates issued prior to Jan. 30, 1934; all of which have been determined pursuant to 31 U.S.C. 912-916 to have been destroyed or irretrievably lost.⁶ Represents \$24,000,000 U.S. notes, \$1,000,000 Federal Reserve bank notes, \$13,500,000 national bank notes, and \$14,500,000 silver certificates, all issued before July 1, 1929; \$6,000,000 gold certificates prior to 1934 series; \$100,000 Treasury notes of 1890; and \$14,000,000 Federal Reserve notes (prior to series of 1928); all of which were determined on Nov. 16, 1964, pursuant to 31 U.S.C. 912-916, to have been destroyed or irretrievably lost.⁷ Represents \$142,000 U.S. notes, \$63,000 Federal Reserve bank notes, \$420,000 national bank notes, and \$280,000 silver certificates, all issued before July 1, 1929; \$8,950,000 gold certificates prior to 1934 series; \$31,000 Treasury notes of 1890; and \$2,450,000 Federal Reserve notes (prior to series of 1928); all of which were determined on May 26, 1966, pursuant to 31 U.S.C. 912-916, to have been destroyed or irretrievably lost.

TABLE 47.—*Cumulative sinking fund, fiscal years 1921-66*

PART I—APPROPRIATIONS AND EXPENDITURES

[In millions of dollars. On basis of Public Debt accounts, see "Bases of Tables"]

Fiscal year	Appropriations	Available for expenditure during year ¹	Debt retired ²	
			Par amount	Cost (principal)
1921-1940.....	8,208.6	2,117.3	6,099.0	6,091.3
1941.....	585.8	2,703.2	37.0	37.0
1942.....	586.9	3,253.1	75.3	75.3
1943.....	587.8	3,765.6	3.4	3.4
1944.....	587.6	4,349.7		
1945.....	587.6	4,937.4		
1946.....	587.6	5,525.0		
1947.....	587.6	6,112.6		
1948.....	603.5	6,716.0	746.6	746.6
1949.....	619.6	6,589.0	7.5	7.5
1950.....	619.7	7,201.2	1.8	1.8
1951.....	619.8	7,819.2	.8	.8
1952.....	619.8	8,438.1	.6	.6
1953.....	619.8	9,057.4	.2	.2
1954.....	619.8	9,676.9		
1955.....	619.8	10,296.7		
1956.....	623.8	10,920.5	762.6	762.6
1957.....	633.3	10,791.2		
1958.....	633.3	11,424.5		
1959.....	633.3	12,057.9		
1960.....	633.3	12,691.3		
1961.....	657.1	13,348.4	1,000.0	1,000.0
1962.....	680.8	13,029.3		
1963.....	680.8	13,710.1		
1964.....	680.8	14,391.0		
1965.....	680.8	15,071.8		
1966.....	680.8	15,752.7		
Total.....	24,479.8		8,734.8	8,727.1
Deduct cumulative expenditures.....	8,727.1			
Unexpended balance.....	15,752.7			

PART II.—TRANSACTIONS ON ACCOUNT OF THE CUMULATIVE SINKING FUND
FISCAL YEAR 1966

[On basis of Public Debt accounts, see "Bases of Tables"]

Unexpended balance July 1, 1965.....	\$15,071,811,060.78
Appropriation for 1966:	
Initial credit:	
(a) Under the Victory Liberty Loan Act (2½ percent of the aggregate amount of Liberty bonds and Victory notes outstanding on July 1, 1920, less an amount equal to the par amount of any obligation of foreign governments held by the United States on July 1, 1920).....	\$253,404,864.87
(b) Under the Emergency Relief and Construction Act of 1932 (2½ percent of the aggregate amount of expenditures from appropriations made or authorized under this act).....	7,860,606.83
(c) Under the National Industrial Recovery Act (2½ percent of the aggregate amount of expenditures from appropriations made or authorized under this act).....	80,164,079.53
Total initial credit.....	341,429,551.23
Secondary credit (the interest which would have been payable during the fiscal year for which the appropriation is made on the bonds and notes purchased, redeemed, or paid out of the sinking fund during such year or in previous years).....	339,419,534.24
Total available 1966.....	15,752,660,146.25
Unexpended balance June 30, 1966 ²	15,752,660,146.25

¹ Represents appropriations authorized by Congress. There are no specific funds set aside for this account since any retirements of public debt charged to this account are made from cash balances to the credit of the Treasurer of the United States.

² Net discount on debt retired through June 30, 1966, is \$7.7 million.

NOTE.—Comparable annual data for 1921 through 1940 are shown in the 1962 annual report, p. 726.

III.—United States savings bonds

TABLE 48.—Sales and redemptions of Series E through K savings bonds by series, fiscal years 1941-66 and monthly 1966 ^{1 2}

[In millions of dollars]

Fiscal year or month	Sales	Accrued dis- count	Sales plus accrued discount	Redemptions			Amount out- standing ³	
				Total	Original pur- chase price	Accrued dis- count	Interest- bearing	Matured non- interest- bearing
Series E and H								
1941-55.....	79,203.6	9,183.8	88,387.4	49,102.2	45,969.3	3,132.9	39,285.1	-----
1956.....	5,259.9	1,114.1	6,374.0	4,730.1	4,069.1	660.9	40,929.1	-----
1957.....	4,613.0	1,132.6	5,745.5	5,176.2	4,444.0	732.2	41,498.5	-----
1958.....	4,670.1	1,160.7	5,830.8	5,187.1	4,431.9	755.3	42,142.2	-----
1959.....	4,506.0	1,174.5	5,680.4	5,106.8	4,309.8	797.0	42,715.8	-----
1960.....	4,307.0	1,194.2	5,501.2	5,502.2	4,616.3	885.9	42,714.8	-----
1961.....	4,463.7	1,253.7	5,717.4	4,626.7	3,905.8	720.8	43,805.6	-----
1962.....	4,421.5	1,331.0	5,752.5	4,603.3	3,872.7	730.6	44,954.8	-----
1963.....	4,518.0	1,386.5	5,904.5	4,500.5	3,758.5	742.0	46,358.8	-----
1964.....	4,656.4	1,458.0	6,114.4	4,736.3	3,981.8	754.5	47,736.9	-----
1965.....	4,543.0	1,502.1	6,045.1	4,987.4	4,154.1	833.3	48,794.5	-----
1966.....	4,650.1	1,541.6	6,191.7	5,304.6	4,407.5	897.1	49,681.6	-----
Total through June 30, 1966.....	129,812.4	23,432.7	153,245.0	103,563.4	91,920.9	11,642.5	49,681.6	-----
1965—July.....	388.2	146.5	534.7	435.1	361.9	73.2	48,894.2	-----
August.....	371.5	116.1	487.6	430.4	361.9	68.5	48,951.5	-----
September.....	342.5	129.2	471.7	428.8	359.8	69.1	48,994.3	-----
October.....	369.4	112.1	481.5	382.4	320.6	61.7	49,093.5	-----
November.....	337.8	116.1	453.9	372.3	312.8	59.5	49,175.1	-----
December.....	329.4	138.6	468.0	394.2	329.0	65.3	49,248.8	-----
1966—January.....	472.8	149.5	622.3	607.8	485.8	122.0	49,263.3	-----
February.....	345.4	124.7	470.1	419.3	348.7	70.6	49,314.1	-----
March.....	457.0	127.2	584.2	493.4	409.8	83.6	49,404.9	-----
April.....	426.4	119.0	545.4	465.6	386.3	79.3	49,484.7	-----
May.....	413.0	117.2	530.2	429.8	359.7	70.1	49,585.2	-----
June.....	396.5	145.4	541.9	445.5	371.3	74.1	49,681.6	-----
Series F, G, J, and K								
1941-55.....	31,096.5	836.9	31,933.3	12,634.4	12,298.8	335.6	19,080.3	218.4
1956.....	586.3	99.6	686.0	3,104.8	2,940.6	164.2	16,567.6	312.8
1957.....	268.4	83.4	351.8	3,773.5	3,605.0	168.5	13,123.5	334.7
1958.....	(*)	65.2	65.2	3,350.5	3,234.6	115.9	9,842.2	331.0
1959.....	(*)	53.6	53.6	2,137.2	2,063.4	73.8	7,786.7	302.8
1960.....	(*)	46.0	46.0	3,049.3	2,921.2	128.1	4,829.0	257.3
1961.....	(*)	32.1	32.1	1,188.0	1,128.8	59.1	3,708.7	221.6
1962.....	(*)	27.4	27.4	1,109.9	1,059.0	50.9	2,651.9	195.8
1963.....	(*)	21.6	21.6	770.7	721.7	49.0	1,954.9	143.7
1964.....	(*)	17.7	17.7	426.3	399.8	26.6	1,562.6	127.4
1965.....	(*)	14.9	14.9	357.5	333.1	24.4	1,248.1	99.3
1966.....	(*)	12.1	12.1	418.3	383.7	34.5	855.7	85.5
Total through June 30, 1966.....	31,951.2	1,310.4	33,261.7	32,320.4	31,089.8	1,230.6	855.7	85.5
1965—July.....	1.3	1.3	27.6	25.3	2.3	1,224.8	96.3	-----
August.....	1.0	1.0	25.1	22.9	2.2	1,203.6	93.5	-----
September.....	1.0	1.0	21.8	19.7	2.1	1,185.5	90.9	-----
October.....	1.0	1.0	23.1	21.0	2.1	1,165.7	88.6	-----
November.....	.9	.9	24.1	21.6	2.4	1,144.6	86.5	-----
December.....	1.1	1.1	26.2	23.6	2.5	1,074.9	131.1	-----
1966—January.....	1.2	1.2	44.9	41.5	3.4	1,055.4	107.0	-----
February.....	1.0	1.0	40.6	37.4	3.2	1,021.1	101.6	-----
March.....	.9	.9	49.9	46.2	3.7	978.2	95.5	-----
April.....	.9	.9	47.2	43.6	3.5	935.2	92.3	-----
May.....	.8	.8	42.4	39.1	3.3	897.4	88.5	-----
June.....	.9	.9	45.6	41.8	3.8	855.7	85.5	-----

Footnotes at end of table.

TABLE 48.—Sales and redemptions of Series E through K savings bonds by series, fiscal years 1941-66 and monthly 1966 ^{1 2}—Continued

[In millions of dollars]

Fiscal year or month	Sales	Accrued dis- count	Sales plus accrued discount	Redemptions			Exchanges of E bonds for H bonds	Amount out- standing (interest- bearing)
				Total	Original purchase price	Accrued dis- count		
Series E								
1941-55.....	77,018.7	9,183.8	86,202.5	49,016.1	45,883.2	3,132.9	-----	37,186.4
1956.....	4,219.3	1,114.1	5,333.4	4,622.0	3,961.0	660.9	-----	37,897.8
1957.....	3,919.2	1,132.6	5,051.8	4,980.6	4,248.5	732.2	-----	37,969.0
1958.....	3,888.6	1,160.7	5,049.3	4,951.0	4,195.8	755.3	-----	38,067.2
1959.....	3,688.0	1,174.5	4,862.5	4,889.4	4,092.4	797.0	-----	38,040.3
1960.....	3,603.2	1,194.2	4,797.4	5,180.6	4,294.7	885.9	201.3	37,455.7
1961.....	3,689.2	1,253.7	4,942.9	4,393.8	3,672.9	720.8	188.3	37,816.6
1962.....	3,674.3	1,331.0	5,005.3	4,343.3	3,612.6	730.6	218.6	38,260.1
1963.....	3,914.0	1,386.5	5,300.4	4,202.9	3,461.0	742.0	191.3	39,166.2
1964.....	4,135.6	1,458.0	5,593.6	4,363.1	3,608.6	754.5	206.3	40,190.4
1965.....	4,112.3	1,502.1	5,614.4	4,538.4	3,705.0	833.3	188.1	41,078.4
1966.....	4,245.7	1,541.6	5,787.3	4,800.6	3,903.5	897.1	212.5	41,852.6
Total through June 30, 1966.....	120,108.1	23,432.7	143,540.8	100,281.7	88,639.2	11,642.5	1,406.4	41,852.6
1965—July.....	350.5	146.5	497.0	397.6	324.5	73.2	18.4	41,195.4
August.....	341.4	116.1	457.5	391.2	322.7	68.5	16.2	41,209.5
September.....	314.8	129.2	444.0	381.6	312.5	69.1	15.0	41,256.9
October.....	342.5	112.1	454.6	343.0	281.2	61.7	16.0	41,352.6
November.....	309.9	116.1	426.0	334.5	275.0	59.5	13.7	41,430.3
December.....	304.8	138.6	443.3	356.7	291.4	65.3	12.5	41,504.5
1966—January.....	432.6	149.5	582.1	567.6	445.5	122.0	22.4	41,496.6
February.....	316.5	124.7	441.2	371.8	301.2	70.6	14.2	41,551.8
March.....	406.5	127.2	533.7	440.2	356.6	83.6	25.2	41,620.0
April.....	386.9	119.0	505.9	424.0	344.7	79.3	18.4	41,683.5
May.....	375.5	117.2	492.7	387.3	317.2	70.1	20.9	41,768.1
June.....	363.8	145.4	509.1	405.1	330.9	74.1	19.5	41,852.6
Series H								
1952-55.....	2,184.9	-----	2,184.9	86.1	86.1	-----	-----	2,098.7
1956.....	1,040.6	-----	1,040.6	108.1	108.1	-----	-----	3,031.2
1957.....	693.8	-----	693.8	195.5	195.5	-----	-----	3,529.5
1958.....	781.6	-----	781.6	236.1	236.1	-----	-----	4,075.0
1959.....	818.0	-----	818.0	217.4	217.4	-----	-----	4,675.5
1960.....	703.9	-----	703.9	321.6	321.6	-----	201.3	5,259.1
1961.....	774.5	-----	774.5	232.9	232.9	-----	188.3	5,989.0
1962.....	747.2	-----	747.2	260.1	260.1	-----	218.6	6,694.7
1963.....	604.1	-----	604.1	297.5	297.5	-----	191.3	7,192.5
1964.....	520.8	-----	520.8	373.3	373.3	-----	206.3	7,546.4
1965.....	430.7	-----	430.7	449.0	449.0	-----	188.1	7,716.1
1966.....	404.4	-----	404.4	504.0	504.0	-----	212.5	7,829.0
Total through June 30, 1966.....	9,704.3	-----	9,704.3	3,281.7	3,281.7	-----	1,406.4	7,829.0
1965—July.....	37.7	-----	37.7	37.4	37.4	-----	18.4	7,734.8
August.....	30.1	-----	30.1	39.2	39.2	-----	16.2	7,742.0
September.....	27.7	-----	27.7	47.2	47.2	-----	15.0	7,737.4
October.....	26.9	-----	26.9	39.4	39.4	-----	16.0	7,740.9
November.....	27.9	-----	27.9	37.8	37.8	-----	13.7	7,744.8
December.....	24.7	-----	24.7	37.5	37.5	-----	12.5	7,744.4
1966—January.....	40.2	-----	40.2	40.3	40.3	-----	22.4	7,766.7
February.....	28.9	-----	28.9	47.5	47.5	-----	14.2	7,762.4
March.....	50.5	-----	50.5	53.2	53.2	-----	25.2	7,784.8
April.....	39.5	-----	39.5	41.6	41.6	-----	18.4	7,801.2
May.....	37.5	-----	37.5	42.5	42.5	-----	20.9	7,817.1
June.....	32.8	-----	32.8	40.4	40.4	-----	19.5	7,829.0

Footnotes at end of table.

TABLE 48.—Sales and redemptions of Series E through K savings bonds by series, fiscal years 1941-66 and monthly 1966^{1,2}—Continued

[In millions of dollars]

Fiscal year or month	Sales	Accrued dis- count	Sales plus accrued discount	Redemptions			Amount outstanding ³	
				Total	Original pur- chase price	Accrued dis- count	Interest- bearing	Matured non- interest- bearing
Series F								
1941-55.....	4,957.6	826.9	5,784.5	2,800.0	2,464.8	335.1	2,876.9	107.6
1956.....	(*)	87.7	87.7	665.3	502.3	163.0	2,249.9	157.1
1957.....	(*)	67.5	67.5	709.3	544.8	164.6	1,598.3	166.8
1958.....	(*)	47.1	47.1	487.9	377.6	110.3	1,169.1	155.3
1959.....	(*)	35.7	35.7	285.2	215.3	69.9	943.9	131.0
1960.....	(*)	27.8	27.8	483.5	370.3	113.1	508.2	111.1
1961.....		15.4	15.4	212.3	157.9	54.4	331.2	91.2
1962.....		10.6	10.6	177.9	132.5	45.4	182.9	72.1
1963.....		5.0	5.0	167.4	124.3	43.1	67.8	34.9
1964.....		1.4	1.4	67.3	49.9	17.5		26.8
1965.....	(*)		(*)	8.6	6.4	2.2		18.1
1966.....				3.4	2.6	.9		14.7
Total through June 30, 1966.....	4,957.7	1,125.1	6,082.8	6,068.7	4,948.7	1,119.4		14.7
1965—July.....		(*)	(*)	.3	.2	.1		17.9
August.....				.2	.2	.1		17.6
September.....				.2	.2	.1		17.4
October.....				.4	.3	.1		17.1
November.....				.1	.1	(*)		16.9
December.....				.3	.2	.1		16.7
1966—January.....				.4	.3	.1		16.3
February.....				.3	.2	.1		16.0
March.....				.4	.3	.1		15.6
April.....				.4	.3	.1		15.2
May.....				.2	.2	.1		15.0
June.....				.3	.2	.1		14.7
Series G								
1941-55.....	23,437.9		23,437.9	9,743.5	9,743.5		13,583.3	111.1
1956.....				2,300.5	2,300.5		11,238.5	155.4
1957.....				2,719.5	2,719.5		8,506.3	168.0
1958.....				2,506.5	2,506.5		5,992.1	175.7
1959.....				1,668.6	1,668.6		4,327.4	171.8
1960.....				2,055.9	2,055.9		2,297.2	146.2
1961.....				843.9	843.9		1,469.0	130.5
1962.....				805.4	805.4		670.4	123.7
1963.....				496.6	496.6		188.7	108.8
1964.....				196.8	196.8			100.7
1965.....				31.5	31.5			69.2
1966.....				16.0	16.0			53.2
Total through June 30, 1966.....	23,437.9		23,437.9	23,384.7	23,384.7			53.2
1965—July.....				1.6	1.6			67.6
August.....				1.8	1.8			65.8
September.....				1.4	1.4			64.4
October.....				1.3	1.3			63.0
November.....				1.3	1.3			61.7
December.....				1.0	1.0			60.8
1966—January.....				1.8	1.8			58.9
February.....				1.0	1.0			57.9
March.....				1.5	1.5			56.4
April.....				1.1	1.1			55.3
May.....				1.0	1.0			54.2
June.....				1.1	1.1			53.2

Footnotes at end of table.

TABLE 48.—Sales and redemptions of Series E through K savings bonds by series, fiscal years 1941-66 and monthly 1966 ^{1 2}—Continued
[In millions of dollars]

Fiscal year or month	Sales	Accrued discount	Sales plus accrued discount	Redemptions			Amount outstanding ²	
				Total	Original purchase price	Accrued dis- count	Interest-bearing	Matured non-interest-bearing
Series J								
1952-55.....	696.8	10.0	706.8	33.7	33.2	.5	673.1	-----
1956.....	183.2	11.9	195.2	59.6	58.4	1.3	808.6	-----
1957.....	92.4	15.9	108.3	106.5	102.5	3.9	810.4	-----
1958.....	(*)	18.1	18.1	98.4	92.8	5.6	730.2	-----
1959.....	(*)	17.8	17.8	51.2	47.3	3.9	696.9	-----
1960.....	-----	18.2	18.2	144.2	129.2	15.0	570.8	-----
1961.....	(*)	16.7	16.7	39.1	34.4	4.8	548.4	-----
1962.....	-----	16.8	16.8	37.2	31.7	5.5	527.9	-----
1963.....	-----	16.6	16.6	33.2	27.4	5.9	511.3	-----
1964.....	-----	16.3	16.3	46.2	37.1	9.1	481.4	-----
1965.....	-----	14.9	14.9	87.6	65.4	22.2	403.8	4.8
1966.....	-----	12.1	12.1	124.4	90.8	33.6	287.5	8.8
Total through June 30, 1966.....	972.4	185.3	1,157.8	861.5	750.3	111.2	287.5	8.8
1965—July.....	-----	1.3	1.3	8.3	6.1	2.2	397.5	4.1
August.....	-----	1.0	1.0	8.1	6.0	2.1	390.8	3.7
September.....	-----	1.0	1.0	7.5	5.5	2.0	384.8	3.2
October.....	-----	1.0	1.0	7.5	5.5	2.0	378.5	3.0
November.....	-----	.9	.9	8.9	6.5	2.4	370.9	2.6
December.....	-----	1.1	1.1	9.2	6.7	2.5	340.7	24.7
1966—January.....	-----	1.2	1.2	12.2	8.9	3.3	338.6	15.7
February.....	-----	1.0	1.0	11.7	8.6	3.1	329.7	13.9
March.....	-----	.9	.9	13.0	9.4	3.6	319.8	11.7
April.....	-----	.9	.9	12.4	9.0	3.4	309.2	10.8
May.....	-----	.8	.8	11.8	8.5	3.2	299.5	9.5
June.....	-----	.9	.9	13.7	9.9	3.7	287.5	8.8
Series K								
1952-55.....	2,004.2	-----	2,004.2	57.2	57.2	-----	1,947.0	-----
1956.....	403.1	-----	403.1	79.5	79.5	-----	2,270.6	-----
1957.....	176.0	-----	176.0	238.2	238.2	-----	2,208.5	-----
1958.....	(*)	-----	(*)	257.7	257.7	-----	1,950.7	-----
1959.....	(*)	-----	(*)	132.2	132.2	-----	1,818.6	-----
1960.....	-----	-----	-----	365.8	365.8	-----	1,452.8	-----
1961.....	-----	-----	-----	92.7	92.7	-----	1,360.1	-----
1962.....	-----	-----	-----	89.4	89.4	-----	1,270.7	-----
1963.....	-----	-----	-----	73.5	73.5	-----	1,197.2	-----
1964.....	-----	-----	-----	116.0	116.0	-----	1,081.3	-----
1965.....	-----	-----	-----	229.8	229.8	-----	844.3	7.2
1966.....	-----	-----	-----	274.4	274.4	-----	568.2	8.8
Total through June 30, 1966.....	2,583.3	-----	2,583.3	2,006.2	2,006.2	-----	568.2	8.8
1965—July.....	-----	-----	-----	17.4	17.4	-----	827.3	6.8
August.....	-----	-----	-----	15.0	15.0	-----	812.8	6.3
September.....	-----	-----	-----	12.6	12.6	-----	800.7	5.9
October.....	-----	-----	-----	13.9	13.9	-----	787.2	5.4
November.....	-----	-----	-----	13.7	13.7	-----	773.7	5.1
December.....	-----	-----	-----	15.7	15.7	-----	734.2	29.0
1966—January.....	-----	-----	-----	30.4	30.4	-----	716.7	16.0
February.....	-----	-----	-----	27.6	27.6	-----	691.4	13.8
March.....	-----	-----	-----	35.0	35.0	-----	658.4	11.8
April.....	-----	-----	-----	33.2	33.2	-----	626.0	11.0
May.....	-----	-----	-----	29.3	29.3	-----	597.9	9.8
June.....	-----	-----	-----	30.6	30.6	-----	568.2	8.8

* Less than \$50,000.

¹ Sales and redemption figures include exchanges of minor amounts of matured Series E for Series G and K bonds from May 1951 through April 1957, and Series F and J for Series H bonds beginning January 1960; they exclude exchanges of Series E for Series H bonds. Redemption figures for fiscal 1953-54 and fiscal years 1960-63 also include the maturing Series F and G savings bonds exchanged for marketable Treasury securities during special exchange offerings. The amounts involved were \$416.6 million in 1953, \$7 million in 1954, \$745.4 million in 1960, \$147.3 million in 1961, \$320.1 million in 1962, and \$75.1 million in 1963.

² Sales of Series E, F, and J bonds are included at issue price, and their redemptions and amounts outstanding at current redemption value. Series G, H, and K bonds are included at face value throughout.

³ Matured F, G, J, and K bonds outstanding are included in the interest-bearing debt until all bonds of the annual series have matured, and are then transferred to matured debt on which interest has ceased.

NOTE.—Series E and H are the only savings bonds now being sold. Series A-D, sold from Mar. 1, 1935 through Apr. 30, 1941, have all matured and are no longer reflected in these tables. Series F and G were sold from May 1, 1941, through Apr. 30, 1952. Series J and K were sold from May 1, 1952, through Apr. 30, 1957. Sales figures for Series F, G, J, and K after fiscal 1957, represent adjustments. Details by months for Series E, F, and G bonds from May 1941 will be found on p. 608 of the 1943 annual report, and in corresponding tables in subsequent reports. Monthly detail for Series H, J, and K bonds will be found in the 1952 annual report, pp. 629 and 630, and in corresponding tables in subsequent reports.

TABLE 49.—Sales and redemptions of Series E and H savings bonds by denominations, fiscal years 1941-66 and monthly 1966

[In thousands of pieces. Estimated on basis of daily Treasury statements and reports from Bureau of the Public Debt]

Fiscal year or month	Total, all denominations ²	\$25	\$50	\$75	\$100	\$200	\$500	\$1,000	\$5,000	\$10,000
Sales ¹										
1941-55.....	1,696,608	1,155,275	267,768	-----	189,789	8,798	26,230	27,519	106	48
1956.....	90,053	56,719	18,784	-----	10,090	929	1,608	1,854	48	21
1957.....	90,160	56,327	20,256	-----	9,969	851	1,320	1,396	29	12
1958.....	89,431	54,908	21,043	-----	9,824	893	1,304	1,413	33	14
1959.....	85,882	52,895	20,108	-----	9,477	798	1,212	1,340	35	16
1960.....	85,607	52,972	20,220	-----	9,208	774	1,165	1,230	27	11
1961.....	86,495	53,453	20,434	-----	9,273	789	1,201	1,299	31	15
1962.....	86,479	53,010	20,901	-----	9,286	813	1,186	1,237	30	16
1963.....	89,627	54,629	21,903	-----	9,623	928	1,233	1,270	25	16
1964.....	96,609	59,230	23,442	135	10,324	1,006	1,220	1,214	22	16
1965.....	99,560	60,928	23,947	1,141	10,409	982	1,087	1,033	18	14
1966.....	103,500	63,430	24,704	1,469	10,714	1,010	1,101	1,042	17	13
1965-July.....	8,553	5,293	2,009	115	866	82	95	89	2	1
August.....	8,234	5,023	1,986	113	855	79	90	85	1	1
September.....	7,939	4,830	1,951	112	829	72	75	67	1	1
October.....	9,051	5,744	2,097	114	869	78	78	68	1	1
November.....	7,844	4,782	1,919	111	818	72	75	64	1	1
December.....	7,903	4,895	1,901	113	792	69	70	61	1	1
1966-January.....	10,644	6,708	2,423	144	1,048	96	110	111	2	1
February.....	7,336	4,414	1,779	106	794	73	84	85	1	1
March.....	9,608	5,757	2,354	137	1,033	99	112	113	2	1
April.....	9,033	5,551	2,092	132	939	100	108	108	2	1
May.....	8,567	5,103	2,082	133	936	97	109	104	2	1
June.....	8,787	5,329	2,109	138	934	93	95	87	1	1
Redemptions ¹										
1941-55.....	1,229,060	892,320	182,015	-----	109,032	3,061	12,605	11,839	4	2
1956.....	89,953	60,014	16,503	-----	9,925	537	1,255	1,281	5	3
1957.....	93,175	60,612	18,165	-----	10,590	633	1,354	1,485	9	6
1958.....	93,452	59,890	19,467	-----	10,433	639	1,320	1,404	11	6
1959.....	88,647	56,036	18,598	-----	10,394	675	1,301	1,451	9	5
1960.....	90,748	56,736	19,507	-----	10,634	725	1,351	1,567	15	8
1961.....	85,077	54,280	18,654	-----	9,197	616	1,076	1,139	10	5
1962.....	83,804	52,958	18,746	-----	9,150	653	1,077	1,126	10	5
1963.....	83,469	53,018	19,022	-----	8,715	601	1,005	1,028	12	5
1964.....	87,242	55,264	20,034	(*)	9,080	648	1,051	1,088	15	7

1965-----	90,012	56,736	20,744	245	9,322	694	1,070	1,122	19	9
1966-----	94,720	59,235	21,948	585	9,822	756	1,113	1,182	22	10
1965--July-----	7,822	4,905	1,798	38	821	62	93	98	2	1
August-----	8,052	5,133	1,819	41	809	61	91	92	2	1
September-----	7,858	4,946	1,829	44	795	58	88	91	2	1
October-----	6,977	4,381	1,618	41	714	54	81	82	2	1
November-----	6,915	4,387	1,578	44	691	53	77	80	2	1
December-----	7,290	4,655	1,648	46	717	53	80	86	2	1
1966--January-----	9,447	5,675	2,204	54	1,122	90	136	158	2	1
February-----	7,284	4,512	1,733	44	744	58	89	97	2	1
March-----	8,702	5,417	2,047	58	892	68	102	111	2	1
April-----	8,370	5,172	1,990	59	882	67	95	99	2	1
May-----	7,823	4,920	1,793	57	799	64	90	94	2	1
June-----	8,179	5,133	1,891	60	837	66	92	94	2	1

* Less than 500 pieces.

¹ Sales of Series H began on June 1, 1952, the denominations authorized were: \$500, \$1,000, \$5,000, and \$10,000.

² Totals include \$10 denomination Series E bonds sold to Armed Forces only from June 1944-March 1950. Details by years will be found in the 1952 annual report, pp. 631, 633; thereafter, monthly detail for each fiscal year appears in a footnote to the redemptions by denominations table of successive annual reports. Details in thousands of pieces by months in fiscal year 1965 follow:

Fiscal year	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
1966-----	4	4	4	3	3	3	6	4	4	4	3	3	47

³ Sales of \$75 denomination Series E bonds began in May 1964.

⁴ Sales of \$200 denomination Series E bonds began in October 1945.

⁵ Sales of \$10,000 denomination Series E bonds were authorized on May 1, 1952.

⁶ Includes sales of \$100,000 denomination Series E bonds which are purchasable only by trustees of employees' savings plans beginning April 1954, and personal trust accounts beginning January 1955.

⁷ See table 48, footnote 1.

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TABLE 50.—Sales of Series E and H savings bonds by States, fiscal years 1965, 1966, and cumulative¹

[In thousands of dollars, at issue price. On basis of reports received by the Treasury Department, with totals adjusted to basis of daily Treasury statements]

States	Fiscal year 1965	Fiscal year 1966	May 1941- June 1966
Alabama.....	37,793	38,045	1,234,119
Alaska.....	3,764	3,364	² 61,720
Arizona.....	18,559	20,625	480,861
Arkansas.....	17,437	17,219	720,191
California.....	278,144	289,209	8,771,269
Colorado.....	28,250	28,316	964,553
Connecticut.....	68,101	73,251	2,009,117
Delaware.....	19,505	20,334	365,041
District of Columbia.....	40,675	41,112	1,335,714
Florida.....	75,399	77,972	1,724,654
Georgia.....	43,048	46,599	1,381,384
Hawaii.....	11,811	12,196	471,037
Idaho.....	5,880	6,113	300,998
Illinois.....	322,746	324,444	10,333,978
Indiana.....	117,200	123,483	3,620,578
Iowa.....	104,367	107,603	3,516,085
Kansas.....	54,547	52,774	2,055,682
Kentucky.....	45,847	46,113	1,416,762
Louisiana.....	37,037	37,563	1,212,558
Maine.....	12,978	13,087	476,399
Maryland.....	70,542	72,372	1,653,150
Massachusetts.....	112,166	117,498	3,579,998
Michigan.....	276,808	300,249	7,189,955
Minnesota.....	62,553	60,686	2,363,349
Mississippi.....	12,369	13,525	686,945
Missouri.....	129,997	132,280	3,634,714
Montana.....	14,554	15,122	615,626
Nebraska.....	69,668	64,956	2,055,751
Nevada.....	6,376	6,544	157,403
New Hampshire.....	8,753	8,527	295,318
New Jersey.....	174,339	184,412	4,856,476
New Mexico.....	10,334	11,648	313,805
New York.....	494,504	488,656	14,407,757
North Carolina.....	42,739	44,297	1,416,000
North Dakota.....	14,904	13,748	617,566
Ohio.....	279,608	284,792	8,051,797
Oklahoma.....	48,118	46,526	1,564,364
Oregon.....	27,342	27,174	1,183,864
Pennsylvania.....	404,809	403,540	10,782,025
Rhode Island.....	14,701	14,974	551,004
South Carolina.....	21,604	22,308	721,087
South Dakota.....	18,686	19,079	754,204
Tennessee.....	37,058	39,578	1,298,454
Texas.....	123,619	121,970	4,433,262
Utah.....	18,209	18,476	502,360
Vermont.....	4,270	4,432	159,582
Virginia.....	73,207	71,097	2,110,349
Washington.....	50,890	52,810	2,036,282
West Virginia.....	41,259	41,256	1,299,163
Wisconsin.....	83,916	86,126	2,847,894
Wyoming.....	5,695	5,485	239,550
Canal Zone.....	3,605	3,546	79,570
Puerto Rico.....	3,417	3,044	72,614
Virgin Islands.....	250	331	4,105
Undistributed and adjustment to daily Treasury statement.....	+439,061	+469,592	³ +4,824,326
Total.....	4,543,018	4,650,078	129,812,358

¹ Figures include exchanges of minor amounts of Series F and J bonds for Series H bonds beginning January 1960; however, they exclude exchanges of Series E bonds for Series H bonds, which are reported in table 48.

² Excludes data for period April 1947 through December 1956, when reports were not available. In the annual reports for 1952-58 data for period May 1941 through March 1947 were included with "Other possessions."

³ Includes a small amount for other possessions.

NOTE.—Sales by States of the various series of savings bonds were published in the annual report for 1943, pp. 614-621, and in subsequent reports; and by months at intervals in the *Treasury Bulletin* beginning with the issue of July 1946. Since Apr. 30, 1953, figures for sales of Series E and H bonds only have been available by States.

IV.—Interest

TABLE 51.—Amount of interest-bearing public debt outstanding, the computed annual interest charge, and the computed rate of interest, June 30, 1939–66, and at the end of each month during 1966

[On basis of daily Treasury statements, see "Bases of Tables"]

End of fiscal year or month	Interest-bearing debt ¹	Computed annual interest charge ²	Computed rate of interest ²
			Percent
1939.....	\$39,885,969,732	\$1,036,937,397	2.600
1940.....	42,376,495,928	1,094,619,914	2.583
1941.....	48,387,399,539	1,218,238,845	2.518
1942.....	71,968,418,098	1,644,476,360	2.285
1943.....	135,380,305,795	2,678,779,036	1.979
1944.....	199,543,355,301	3,849,254,656	1.929
1945.....	256,356,615,818	4,963,730,414	1.936
1946.....	268,110,872,218	5,350,772,231	1.996
1947.....	255,113,412,039	5,374,409,074	2.107
1948.....	250,063,348,379	5,455,475,791	2.182
1949.....	250,761,636,723	5,605,929,714	2.236
1950.....	255,209,353,372	5,612,676,516	2.200
1951.....	252,851,765,497	5,739,615,990	2.270
1952.....	256,862,861,128	5,981,357,116	2.329
1953.....	263,946,017,740	6,430,991,316	2.438
1954.....	268,909,766,654	6,298,069,299	2.342
1955.....	271,741,267,507	6,387,225,600	2.351
1956.....	269,883,068,041	6,949,699,625	2.576
1957.....	268,485,562,677	7,325,146,596	2.730
1958.....	274,697,560,009	7,245,154,946	2.638
1959.....	281,833,362,429	8,065,917,424	2.867
1960.....	283,241,182,755	9,316,066,872	3.297
1961.....	285,671,608,619	8,761,495,974	3.072
1962.....	294,442,000,790	9,518,857,333	3.239
1963.....	301,953,730,701	10,119,294,547	3.360
1964.....	307,356,561,535	10,900,360,741	3.560
1965.....	313,112,816,994	11,466,618,472	3.678
1966.....	315,431,054,919	12,516,397,677	3.988
1965—July.....	312,197,184,998	11,423,001,181	3.675
August.....	313,896,480,727	11,511,726,856	3.683
September.....	312,359,331,325	11,468,275,049	3.688
October.....	314,556,793,630	11,589,746,310	3.702
November.....	317,356,708,502	11,779,196,945	3.730
December.....	316,514,781,002	11,830,143,687	3.756
1966—January.....	317,599,275,614	11,983,467,662	3.793
February.....	318,920,525,142	12,249,033,882	3.861
March.....	316,581,806,640	12,412,222,368	3.941
April.....	315,218,579,334	12,288,851,544	3.919
May.....	317,927,116,506	12,547,076,147	3.967
June.....	315,431,054,919	12,516,397,677	3.988

¹ Includes discount on Treasury bills; the current redemption value of savings bonds of Series C-F and J; and beginning August 1941, the face amount of Treasury tax and savings notes. The face value of matured savings bonds and notes outstanding is included until all of the annual series have matured, when they are transferred to matured debt on which interest has ceased.

² Comparable annual data 1916–38 are contained in 1962 annual report, p. 735. Current monthly figures are published in the *Treasury Bulletin*. Comparable monthly data 1929–36 appear in 1936 annual report, p. 442, and from 1937 in later reports. Annual interest charge monthly 1916–29 appears in 1929 annual report, p. 509.

NOTE.—The computed annual interest charge represents the amount of interest that would be paid if each interest-bearing issue outstanding at the end of the month or year should remain outstanding for a year at the applicable annual rate of interest. The charge is computed for each issue by applying the appropriate annual interest rate to the amount outstanding on that date.

Beginning Dec. 31, 1958, the computed average rate is based upon the rate of effective yield for issues sold at premiums or discounts. Before that date the computed average rate was based upon the coupon rates of the securities. That rate did not materially differ from the rate on the basis of effective yield. The "effective yield" method of computing the average interest rate on the public debt more accurately reflects the interest cost to the Treasury, and is believed to be in accord with the intent of Congress where legislation has required the use of the rate of effective yield for various purposes.

TABLE 52.—Computed annual interest rate and computed annual interest charge on the public debt by classes, June 30, 1939-66

(Dollar amounts in millions. On basis of daily Treasury statements, see "Bases of Tables")

End of fiscal year or month	Total public debt	Marketable issues					Nonmarketable issues				Special issues
		Total ¹	Bills ²	Certificates	Notes	Treasury bonds	Total	Savings bonds ³	Tax and savings notes	Other	
Computed annual interest rate											
1939.....	2.600	2.525	0.010	-----	1.448	2.964	2.913	2.900	-----	3.000	3.091
1940.....	2.583	2.492	.038	-----	1.256	2.908	2.908	2.900	-----	3.000	3.026
1941.....	2.518	2.413	.089	-----	1.075	2.787	2.865	2.858	-----	3.000	2.904
1942.....	2.285	2.225	.360	0.564	1.092	2.680	2.277	2.787	0.506	2.743	2.681
1943.....	1.979	1.822	.380	.875	1.165	2.494	2.330	2.782	1.040	2.495	2.408
1944.....	1.929	1.725	.381	.875	1.281	2.379	2.417	2.788	1.080	2.314	2.405
1945.....	1.936	1.718	.381	.875	1.204	2.314	2.473	2.789	1.076	2.000	2.436
1946.....	1.996	1.773	.381	.875	1.289	2.307	2.567	2.777	1.070	2.000	2.448
1947.....	2.107	1.871	.382	.875	1.448	2.307	2.593	2.765	1.070	2.423	2.510
1948.....	2.182	1.942	1.014	1.042	1.204	2.309	2.623	2.759	1.070	2.414	2.588
1949.....	2.236	2.001	1.176	1.225	1.375	2.313	2.629	2.751	1.290	2.393	2.596
1950.....	2.200	1.958	1.187	1.163	1.344	2.322	2.569	2.748	1.383	2.407	2.589
1951.....	2.270	1.981	1.569	1.875	1.399	2.327	2.623	2.742	1.567	2.717	2.606
1952.....	2.329	2.051	1.711	1.875	1.560	2.317	2.659	2.745	1.785	2.714	2.675
1953.....	2.438	2.207	2.254	2.319	1.754	2.342	2.720	2.760	2.231	2.708	2.746
1954.....	2.342	2.043	.843	1.928	1.838	2.440	2.751	2.793	2.377	2.709	2.671
1955.....	2.351	2.079	1.539	1.173	1.846	2.480	2.789	2.821	2.359	2.708	2.585
1956.....	2.576	2.427	2.654	2.625	2.075	2.485	2.824	2.848	-----	2.713	2.705
1957.....	2.730	2.707	3.197	3.345	2.504	2.482	2.853	2.880	-----	2.718	2.635
1958.....	2.638	2.546	3.033	3.330	2.806	2.576	2.892	2.925	-----	2.718	2.630
1959.....	2.867	2.891	3.316	2.842	3.304	2.619	2.925	2.961	-----	2.714	2.694
1960.....	3.297	3.449	3.815	4.721	4.058	2.639	3.219	3.293	-----	2.715	2.772
1961.....	3.072	3.063	2.584	3.073	3.704	2.829	3.330	3.408	-----	2.713	2.803
1962.....	3.239	3.285	2.926	3.377	3.680	3.122	3.364	3.449	-----	2.670	2.891
1963.....	3.360	3.425	3.081	3.283	3.921	3.344	3.412	3.482	-----	2.770	2.903
1964.....	3.560	3.659	3.729	-----	3.854	3.471	3.462	3.517	-----	2.917	3.238
1965.....	3.678	3.800	4.064	-----	3.842	3.642	3.493	3.537	-----	3.105	3.372
1966.....	3.988	4.134	4.845	4.851	4.321	3.655	3.713	3.744	-----	3.380	3.693
1965—July.....	3.675	3.795	4.047	-----	3.842	3.642	3.491	3.539	-----	3.063	3.367
August.....	3.683	3.800	4.047	-----	3.848	3.652	3.506	3.540	-----	3.193	3.398
September.....	3.688	3.807	4.074	-----	3.848	3.652	3.510	3.542	-----	3.230	3.382
October.....	3.702	3.821	4.097	-----	3.860	3.652	3.519	3.543	-----	3.284	3.383
November.....	3.730	3.857	4.154	-----	3.934	3.652	3.523	3.545	-----	3.322	3.397
December.....	3.756	3.890	4.273	-----	3.933	3.653	3.530	3.546	-----	3.375	3.412
1966—January.....	3.793	3.934	4.395	4.851	3.932	3.653	3.534	3.548	-----	3.406	3.429
February.....	3.861	4.026	4.522	4.851	4.162	3.654	3.537	3.551	-----	3.398	3.472
March.....	3.941	4.059	4.666	4.851	4.158	3.654	3.862	3.908	-----	3.415	3.488
April.....	3.919	4.071	4.706	4.851	4.164	3.655	3.708	3.738	-----	3.402	3.455
May.....	3.967	4.130	4.778	4.851	4.321	3.654	3.713	3.741	-----	3.427	3.552
June.....	3.988	4.134	4.845	4.851	4.321	3.655	3.713	3.744	-----	3.380	3.693

		Computed annual interest charge											
		\$1,037	\$858	(*)	(*)	\$1	\$105	\$747	\$63	\$54		\$8	\$117
1939	-----	1,095	858	-----	-----	80	80	772	92	84	-----	8	145
1940	-----	1,218	910	-----	-----	61	61	842	130	123	-----	7	178
1941	-----	1,644	1,125	9	\$17	73	1,021	307	284	\$15	-----	8	211
1942	-----	2,679	1,737	45	145	107	1,435	680	591	78	-----	11	262
1943	-----	3,849	2,422	56	252	223	1,885	1,084	965	103	-----	16	344
1944	-----	4,964	3,115	65	299	283	2,463	1,390	1,271	109	-----	10	458
1945	-----	5,351	3,362	65	305	235	2,753	1,442	1,362	72	-----	9	547
1946	-----	5,374	3,156	60	221	118	2,753	1,530	1,420	59	-----	51	687
1947	-----	5,455	3,113	139	235	137	2,597	1,561	1,470	47	-----	44	782
1948	-----	5,606	3,103	135	361	49	2,554	1,652	1,548	63	-----	41	851
1949	-----	5,613	3,040	160	214	274	2,387	1,735	1,581	117	-----	37	838
1950	-----	5,740	2,731	213	178	501	1,835	2,106	1,579	123	-----	405	903
1951	-----	5,981	2,879	293	533	296	1,753	2,093	1,583	118	-----	391	1,010
1952	-----	6,431	3,249	442	368	534	1,903	2,069	1,598	99	-----	372	1,115
1953	-----	6,298	3,071	164	355	588	1,962	2,099	1,622	121	-----	357	1,128
1954	-----	6,387	3,225	209	162	752	2,010	2,044	1,647	45	-----	352	1,118
1955	-----	6,950	3,758	549	428	746	2,034	1,972	1,637	-----	-----	334	1,220
1956	-----	7,325	4,210	743	685	776	2,005	1,881	1,573	-----	-----	308	1,234
1957	-----	7,245	4,242	231	1,096	573	2,341	1,787	1,520	-----	-----	266	1,216
1958	-----	8,066	5,133	1,046	962	902	2,221	1,728	1,496	-----	-----	232	1,206
1959	-----	9,316	6,317	1,249	833	2,088	2,145	1,754	1,566	-----	-----	189	1,245
1960	-----	8,761	5,718	937	410	2,084	2,288	1,781	1,619	-----	-----	162	1,263
1961	-----	9,519	6,422	1,212	457	2,408	2,344	1,798	1,642	-----	-----	156	1,299
1962	-----	10,119	6,944	1,433	728	2,043	2,740	1,830	1,682	-----	-----	148	1,345
1963	-----	10,900	7,513	1,855	-----	2,591	3,067	1,878	1,734	-----	-----	144	1,509
1964	-----	11,467	7,878	2,135	-----	2,017	3,727	1,948	1,770	-----	-----	178	1,641
1965	-----	12,516	8,580	2,595	80	2,186	3,718	2,049	1,892	-----	-----	157	1,888
1965-July	-----	11,423	7,868	2,125	-----	2,017	3,726	1,946	1,774	-----	-----	172	1,609
August	-----	11,512	7,867	2,125	-----	1,939	3,803	1,953	1,776	-----	-----	177	1,691
September	-----	11,408	7,880	2,139	-----	1,939	3,802	1,962	1,777	-----	-----	185	1,626
October	-----	11,590	8,048	2,311	-----	1,935	3,802	1,953	1,781	-----	-----	172	1,589
November	-----	11,779	8,219	2,445	-----	1,973	3,801	1,962	1,784	-----	-----	178	1,598
December	-----	11,830	8,287	2,514	-----	1,973	3,800	1,965	1,785	-----	-----	180	1,578
1966-January	-----	11,983	8,498	2,645	80	1,974	3,799	1,965	1,785	-----	-----	179	1,521
February	-----	12,249	8,698	2,738	80	2,116	3,764	1,961	1,787	-----	-----	174	1,590
March	-----	12,412	8,666	2,709	80	2,115	3,763	2,143	1,969	-----	-----	174	1,603
April	-----	12,289	8,686	2,731	80	2,113	3,761	2,050	1,885	-----	-----	166	1,552
May	-----	12,547	8,758	2,770	80	2,186	3,721	2,056	1,889	-----	-----	167	1,733
June	-----	12,516	8,580	2,595	80	2,186	3,718	2,049	1,892	-----	-----	157	1,888

*Less than \$500,000.

¹ Total includes Panama Canal bonds prior to 1961, postal savings bonds prior to 1956, and conversion bonds prior to 1947.

² Included in debt outstanding at face amount, but the annual interest charge and the annual interest rate are computed on the discount value.

³ The annual interest charge and annual interest rate on United States savings bonds are computed on the basis of the rate to maturity applied against the amount outstanding.

NOTE.—For methods of computing annual interest rate and charge see note to table 51. See table 35 for amounts of public debt outstanding by classification.

TABLE 53.—*Interest on the public debt by classes, fiscal years 1962-66*

(In millions of dollars, on an accrual basis. On basis of Public Debt accounts, see "Bases of Tables")

Class of securities	1962	1963	1964	1965	1966
Public issues:					
Marketable:					
Treasury bills ¹	1,149.3	1,392.4	1,763.9	2,099.0	2,469.8
Certificates of indebtedness.....	282.5	682.4	343.3		35.7
Treasury notes.....	2,417.9	2,127.4	2,302.9	2,194.4	2,015.9
Treasury bonds.....	2,216.8	2,554.1	2,944.3	3,508.7	3,783.3
Panama Canal bonds.....					
Total marketable issues.....	6,066.5	6,756.3	7,354.4	7,802.2	8,304.7
Nonmarketable:					
Depository bonds.....	2.9	2.1	2.0	1.9	.9
Foreign currency series:					
Certificates of indebtedness.....	.9	1.9	.7	.4	6.9
Treasury bonds.....		8.2	23.3	40.3	39.6
Foreign series:					
Certificates of indebtedness.....	10.7	11.3	11.1	9.0	22.4
Treasury notes.....		2.7	5.6	6.0	10.5
Treasury bonds.....				6.7	7.8
Treasury bonds, investment series.....	140.2	118.7	100.4	92.2	81.5
Treasury bonds, REA series.....	.5	.5	.5	.5	.5
U.S. savings bonds:					
Series E, F, and J ¹	1,358.3	1,404.5	1,466.7	1,515.8	1,553.0
Series G, H, and K.....	277.7	298.1	313.6	324.9	323.9
U.S. retirement plan bonds.....			.1	.3	.5
Treasury certificates.....			.1	1.5	3.4
Treasury bonds.....			.4	.6	.3
Other ²	(*)	(*)	(*)		
Total nonmarketable issues.....	1,791.2	1,848.0	1,924.5	2,000.0	2,051.1
Total public issues.....	7,857.7	8,604.3	9,278.9	9,802.1	10,355.8
Special issues:					
Certificates of indebtedness.....	228.6	248.9	264.5	312.3	367.3
Treasury notes.....	204.6	167.6	95.6	68.1	62.1
Treasury bonds.....	828.9	874.5	1,025.6	1,162.2	1,225.7
Total special issues.....	1,262.1	1,291.0	1,385.7	1,542.6	1,655.2
Total interest on public debt.....	9,119.8	9,895.3	10,664.6	11,344.7	12,011.0
Other ³.....			1.3	1.8	2.9
Total interest and charges.....	9,119.8	9,895.3	10,665.9	11,346.5	12,013.9

*Less than \$50,000.

¹ Amounts represent discount treated as interest.² Includes Armed Forces leave bonds and adjusted service bonds.³ Charges for gold and foreign currency purchases authorized by act of June 19, 1962 (22 U.S.C. 286e-2(c)) and act of Oct. 23, 1962 (76 Stat. 1168).

V.—Prices and yields of securities

TABLE 54.—Average yields of taxable ¹ long-term Treasury bonds by months, October 1941–June 1966 ²

[Averages of daily figures. Percent per annum compounded semiannually]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
1941.....										³ 2.34	2.34	2.47	-----
1942.....	2.48	2.48	2.46	2.44	2.45	2.43	2.46	2.47	2.46	2.45	2.47	2.49	2.46
1943.....	2.46	2.46	2.48	2.48	2.46	2.45	2.45	2.46	2.48	2.48	2.49	2.49	2.47
1944.....	2.49	2.49	2.48	2.48	2.49	2.49	2.49	2.48	2.47	2.48	2.48	2.48	2.48
1945.....	2.44	2.38	2.40	2.39	2.39	2.35	2.34	2.36	2.37	2.35	2.33	2.33	2.37
1946.....	2.21	2.12	2.09	2.08	2.19	2.16	2.18	2.23	2.28	2.26	2.25	2.24	2.19
1947.....	2.21	2.21	2.19	2.19	2.19	2.22	2.25	2.24	2.24	2.27	2.30	2.39	2.25
1948.....	2.45	2.45	2.44	2.44	2.42	2.41	2.44	2.45	2.45	2.45	2.44	2.44	2.44
1949.....	2.42	2.39	2.38	2.38	2.38	2.38	2.27	2.24	2.22	2.22	2.20	2.19	2.31
1950.....	2.20	2.24	2.27	2.30	2.31	2.33	2.34	2.33	2.36	2.38	2.38	2.39	2.32
1951.....	2.39	2.40	2.47	2.56	2.63	2.65	2.63	2.57	2.56	2.61	2.66	2.70	2.57
1952.....	2.74	2.71	2.70	⁴ 2.64	2.57	2.61	2.70	2.71	2.71	2.74	2.71	2.75	2.68
1953.....	2.80	2.83	2.89	⁵ 2.97	3.11	3.13	3.02	3.02	2.98	2.83	2.86	2.79	2.94
1954.....	2.69	2.62	2.53	2.48	2.54	2.55	2.47	2.48	2.52	2.54	2.57	2.59	2.55
1955.....	2.68	2.78	2.78	2.82	2.81	2.82	2.91	2.95	2.92	2.87	2.89	2.91	2.84
1956.....	2.88	2.85	2.93	3.07	2.97	2.93	3.00	3.17	3.21	3.20	3.30	3.40	3.08
1957.....	3.34	3.22	3.26	3.32	3.40	3.58	3.60	3.63	3.66	3.73	3.57	3.30	3.47
1958.....	3.24	3.28	3.25	3.12	3.14	3.20	3.36	3.60	3.75	3.76	3.70	3.80	3.43
1959.....	3.91	3.92	3.92	4.01	4.08	4.09	4.11	4.10	4.26	4.11	4.12	4.27	4.08
1960.....	4.37	4.22	4.08	4.18	4.16	3.98	3.86	3.79	3.84	3.91	3.93	3.88	4.02
1961.....	3.89	3.81	3.78	3.80	3.73	3.88	3.90	4.00	4.02	3.98	3.98	4.06	3.90
1962.....	4.08	4.09	4.01	3.89	3.88	3.90	4.02	3.98	3.94	3.89	3.87	3.87	3.95
1963.....	3.89	3.92	3.93	3.97	3.97	4.00	4.01	3.99	4.04	4.07	4.11	4.14	4.00
1964.....	4.15	4.14	4.18	4.20	4.16	4.13	4.13	4.14	4.16	4.16	4.12	4.14	4.15
1965.....	4.14	4.16	4.15	4.15	4.14	4.14	4.15	4.19	4.25	4.28	4.34	4.43	4.21
1966.....	4.43	4.61	4.63	4.55	4.57	4.63							

¹ Taxable bonds are those on which the interest is subject to both the normal and surtax rates of the Federal income tax. This average commenced Oct. 20, 1941.

² Prior to October 1941 yields were on partially tax-exempt long-term bonds. For January 1930 through December 1945, see the 1956 annual report, page 492, and for January 1919 through December 1929, see the 1943 annual report, p. 662.

³ Beginning Oct. 20, 1941, through Mar. 31, 1952, yields are based on bonds neither due nor callable for 15 years; beginning Apr. 1, 1952, through Mar. 31, 1953, on bonds neither due nor callable for 12 years; beginning Apr. 1, 1953, on bonds neither due nor callable for 10 years.

NOTE.—For bonds selling above par and callable at par before maturity, the yields are computed on the basis of redemption at first call date; while for bonds selling below par, yields are computed to maturity. Monthly averages are averages of daily figures. Each daily figure is an unweighted average of the yields of the individual issues. Yields before 1953 are computed on the basis of the mean of closing bid and ask quotations in the over-the-counter market. Commencing April 1953, yields, as reported by the Federal Reserve Bank of New York, are based on over-the-counter closing bid quotations. See *Treasury Bulletin* for current monthly yields.

TABLE 55.—Prices and yields of taxable public debt marketable issues June 30, 1965, and June 30, 1966, and price range since first traded

[Price decimals are thirty-seconds and + indicates additional sixty-fourth]

Issue ¹	June 30, 1965			June 30, 1966			Price range since first traded ²			
	Price		Yield to call or to maturity ³	Price		Yield to call or to maturity ³	High		Low	
	Bid	Ask		Bid	Ask		Price	Date	Price	Date
Treasury bonds:			Percent			Percent				
3¾% May 15, 1966	99.26+	99.28+	3.95				102.11	May 15, 1961	99.07	Apr. 7, 1964
3% Aug. 15, 1966	99.04	99.06	3.80	99.25	99.27	4.90	103.20	Apr. 21, 1958	89.24	Jan. 6, 1960
3½% Nov. 15, 1966	99.09	99.11	3.92	99.14	99.16	4.94	100.06	May 15, 1961	87.10	Dec. 12, 1961
2½% June 15, 1962-67	97.22	97.26	3.74	97.26	97.30	4.89	108.12	Apr. 6, 1946	84.22	Sept. 15, 1959
3½% Nov. 15, 1967	99.06	99.08	3.99	98.02	98.06	5.12	100.26	Dec. 24, 1962	97.18	Aug. 8, 1961
3½% May 15, 1968	99.16	99.20	4.06	97.24	97.28	5.16	102.04	May 12, 1961	97.16	Dec. 31, 1965
3¼% Aug. 15, 1968	99.02	99.06	4.07	97.03	97.07	5.22	101.06	Dec. 26, 1962	96.26	Feb. 23, 1966
3½% Nov. 15, 1968	99.12	99.16	4.08	97.03	97.07	5.20	99.19	Nov. 12, 1964	97.00	Feb. 28, 1966
2½% Dec. 15, 1963-68	95.21	95.25	3.86	94.08	94.12	5.03	108.03	Apr. 6, 1946	82.08	Jan. 6, 1960
4% Feb. 15, 1969	99.29	100.01	4.03	97.02	97.06	5.22	102.08	Dec. 24, 1962	97.05	Feb. 11, 1966
2½% June 15, 1964-69	94.27	94.31	3.92	93.01	93.05	5.08	107.25	Apr. 6, 1946	81.10	Jan. 6, 1960
4% Oct. 1, 1969	99.22	99.26	4.08	96.12	96.16	5.23	110.14	Apr. 21, 1958	94.04	Dec. 30, 1959
2½% Dec. 15, 1964-69	94.08	94.12	3.92	92.02	92.06	5.04	107.24	Apr. 6, 1946	81.04	Jan. 6, 1960
4% Feb. 15, 1970	99.14	99.16	4.13	96.00	96.04	5.23	99.19	Jan. 22, 1965	96.00	June 30, 1966
2½% Mar. 15, 1965-70	93.29	94.01	3.93	91.18	91.22	5.03	107.23	Apr. 6, 1946	80.10	Jan. 6, 1960
4% Aug. 15, 1970	99.11	99.15	4.14	95.20	95.24	5.19	100.14	Aug. 2, 1963	95.20	June 30, 1966
2½% Mar. 15, 1966-71	92.23	92.27	3.94	90.05	90.09	4.87	107.22	Apr. 6, 1946	79.28	Jan. 6, 1960
4% Aug. 15, 1971	99.09	99.13	4.13	95.02	95.06	5.11	101.27	Dec. 26, 1962	94.28	Feb. 28, 1966
3½% Nov. 15, 1971	98.11	98.15	4.17	94.02	94.06	5.16	100.28	do	93.28	Do.
4% Feb. 15, 1972	99.03	99.07	4.16	94.14	94.18	5.15	101.20	do	94.10	Do.
2½% June 15, 1967-72	91.07	91.11	3.96	88.92	88.96	4.83	106.16	Apr. 6, 1946	79.12	Jan. 6, 1960
4% Aug. 15, 1972	99.02	99.06	4.15	94.07	94.11	5.11	101.20	Dec. 26, 1962	93.26	Feb. 28, 1966
2½% Sept. 15, 1967-72	90.30	100.02	3.96	87.23	87.27	4.82	109.13	Apr. 6, 1946	78.24	Jan. 6, 1960
2½% Dec. 15, 1967-72	90.22	90.26	3.95	87.19	87.23	4.76	106.16	do	79.06	Do.
4% Aug. 15, 1973	98.20	98.24	4.20	93.14	93.18	5.11	99.06	Nov. 12, 1964	92.26	Feb. 28, 1966
4½% Nov. 15, 1973	99.14	99.18	4.21	94.02	94.06	5.10	100.01	do	93.06	Do.
4½% Feb. 15, 1974	99.13	99.17	4.21	94.01	94.05	5.08	99.18	Jan. 22, 1965	93.04	Do.
4½% May 15, 1974	100.11	100.13	4.20	95.01	95.05	5.02	101.07	Nov. 12, 1964	94.00	Do.
3½% Nov. 15, 1974	97.22	97.26	4.18	92.07	92.15	5.03	110.24	Apr. 22, 1958	91.22	Mar. 3, 1966
4½% May 15, 1975-85	100.07	100.15	4.22	92.20	92.28	4.85	105.28	May 5, 1961	92.15	Mar. 2, 1966
4% Feb. 15, 1980	98.04	98.12	4.17	91.04	91.12	4.90	103.18	May 12, 1961	91.04	June 30, 1966
3½% Nov. 15, 1980	92.10	92.18	4.18	85.26	86.02	4.89	97.24	do	85.26	Do.
3½% June 15, 1978-83	88.18	88.26	4.16	82.00	82.08	4.82	111.28	Aug. 4, 1954	81.28	Mar. 3, 1966
3½% May 15, 1985	88.08	88.16	4.12	81.06	81.14	4.77	101.04	June 11, 1958	81.06	June 30, 1966

3½% Feb. 15, 1990.....	89.23	89.31	4.17	82.02	82.10	4.77	106.26	Apr. 21, 1958	81.24	Mar. 2, 1966
4¼% Aug. 15, 1987-92.....	100.09	100.13	4.23	92.02	92.10	4.79	104.10	Dec. 26, 1962	91.30	Mar. 3, 1966
4% Feb. 15, 1988-93.....	96.22	96.30	4.20	89.02	89.10	4.73	100.11	Jan. 16, 1963	88.24	Feb. 28, 1966
4½% May 15, 1989-94.....	98.18	98.26	4.21	90.20	90.28	4.73	100.26	Aug. 28, 1963	90.00	Mar. 3, 1966
3% Feb. 15, 1995.....	86.10	86.18	3.77	80.16	80.24	4.17	101.12	June 8, 1955	79.04	Do.
3½% Nov. 15, 1998.....	88.14	88.22	4.14	81.08	81.16	4.62	95.14	May 12, 1961	80.12	Do.
Treasury notes:										
3½% D, Aug. 13, 1965.....	99.31+	100.00+	3.95	-----	-----	-----	100.06	Aug. 15, 1964	99.22	Mar. 30, 1964
3½% B, Nov. 15, 1965.....	99.28	99.30	3.83	-----	-----	-----	100.17	Feb. 21, 1963	99.01	Do.
4% E, Nov. 15, 1965.....	100.01+	100.03+	3.85	-----	-----	-----	100.14	July 17, 1964	99.29	Dec. 1, 1964
3½% B, Feb. 15, 1966.....	99.26	99.28	3.93	-----	-----	-----	100.25	Dec. 24, 1962	99.00	Mar. 24, 1964
3½% C, Feb. 15, 1966.....	99.31	100.01	3.93	-----	-----	-----	100.02+	Jan. 27, 1966	99.21	Dec. 1, 1964
4% D, May 15, 1966.....	100.01	100.03	3.96	-----	-----	-----	100.02+	June 24, 1965	99.22	Jan. 5, 1966
4% A, Aug. 15, 1966.....	100.01	100.03	3.97	99.29	99.31	4.80	102.04	Dec. 26, 1962	99.15	Dec. 31, 1965
4% E, Nov. 15, 1966.....	100.01	100.03	3.98	99.22	99.24	4.85	100.02	June 28, 1965	99.07	Do.
3½% B, Feb. 15, 1967.....	99.16	99.18	3.95	99.06	99.08	4.98	100.02+	Mar. 20, 1963	98.11	Mar. 24, 1964
4% C, Feb. 15, 1967.....	-----	-----	-----	99.12	100.04	5.05	99.29	July 30, 1965	98.30	Jan. 4, 1966
4¼% D, May 15, 1967.....	-----	-----	-----	99.12	99.14	5.00	99.26	Nov. 26, 1965	99.04	Mar. 14, 1966
3¾% A, Aug. 15, 1967.....	99.16	99.18	4.00	98.15	98.17	5.18	101.06	Dec. 24, 1962	98.02	Jan. 4, 1966
4½% E, Aug. 15, 1967.....	-----	-----	-----	99.30	100.00	4.93	100.06	June 23, 1966	99.26	Feb. 14, 1966
4½% F, Nov. 15, 1967.....	-----	-----	-----	99.24	99.26	5.07	100.01	do.	99.24	June 30, 1966
5% A, Nov. 15, 1970.....	-----	-----	-----	99.29	100.01	5.02	100.28	Apr. 6, 1966	99.29	Do.
1½% EO, Oct. 1, 1965.....	99.12	99.16	4.02	-----	-----	-----	99.30	Sept. 30, 1965	90.06	Nov. 29, 1960
1½% EA, Apr. 1, 1966.....	98.19	98.23	3.42	-----	-----	-----	99.30	Mar. 31, 1966	89.06	Sept. 8, 1961
1½% EO, Oct. 1, 1966.....	97.23	97.29	3.38	99.07	99.11	4.77	99.07	June 30, 1966	89.12	Oct. 11, 1961
1½% EA, Apr. 1, 1967.....	96.24	96.30	3.43	97.26	98.00	4.53	97.27	June 29, 1966	90.09	July 9, 1962
1½% EO, Oct. 1, 1967.....	95.24	95.30	3.48	96.10	96.16	4.59	96.12	do.	92.00	Oct. 1, 1962
1½% EA, Apr. 1, 1968.....	94.25	94.31	3.51	94.28	95.02	4.60	94.30	do.	91.02	July 17, 1963
1½% EO, Oct. 1, 1968.....	93.27	94.01	3.52	93.14	93.20	4.61	93.31	Aug. 16, 1965	90.08	Mar. 25, 1964
1½% EA, Apr. 1, 1969.....	92.21	92.27	3.61	92.02	97.08	4.62	92.22	Aug. 5, 1965	89.25	Apr. 6, 1964
1½% EO, Oct. 1, 1969.....	91.20	91.26	3.65	90.22	90.28	4.63	91.22	June 24, 1965	90.02	Mar. 14, 1966
1½% EA, Apr. 1, 1970.....	90.20	90.28	3.67	89.16	89.24	4.59	90.22	Aug. 26, 1965	88.24	Do.
1½% EO, Oct. 1, 1970.....	-----	-----	-----	88.10	88.18	4.56	89.20	Dec. 3, 1965	87.20	Do.
1½% EA, Apr. 1, 1971.....	-----	-----	-----	87.00	87.08	4.58	88.06	Apr. 19, 1966	87.14	May 26, 1966
Certificates of indebtedness:										
4¼% A, Nov. 15, 1966.....	-----	-----	-----	99.31	100.01	4.81	-----	-----	-----	-----

¹ Excludes Treasury bills, which are fully taxable. For description and amount of each issue outstanding on June 30, 1966, see table 36; for information as of June 30, 1965, see 1965 annual report, p. 564.

² Beginning April 1963, prices are closing bid quotations. Prices for prior dates are the means of closing bid and ask quotations; "when issued" prices are included in price range. Dates of highs and lows in case of recurrence are the latest dates. Issues with original maturity of less than 2 years are excluded.

³ Yields are computed to earliest call date when prices are above par and to maturity date when prices are at par or below.

NOTE.—Prices and yields (based on closing bid prices) on June 30, 1965 and 1966, are over-the-counter quotations, as reported to the Treasury Department by the Federal Reserve Bank of New York. Yields are percent per annum compounded semiannually except that on securities having only one interest payment, they are computed on a simple interest basis.

VI.—Ownership of governmental securities

TABLE 56.—*Estimated ownership of interest-bearing governmental securities outstanding June 30, 1954-66, by type of issuer*
[Par value.¹ In billions of dollars]

June 30	Total amount outstanding	Held by banks			Held by U.S. Government investment accounts	Held by private nonbank investors						
		Total	Commercial banks	Federal Reserve banks		Total	Individuals ²	Insurance companies	Mutual savings banks	Corporations ³	State, local, and Territorial governments ⁴	Miscellaneous investors ⁵
I. Securities of U.S. Government and Federal instruments ⁶ guaranteed by United States ⁶												
1954--	269.0	88.7	63.6	25.0	49.3	131.0	63.8	15.4	9.1	16.5	13.9	12.2
1955--	271.8	87.1	63.5	23.6	50.5	134.1	64.2	15.0	8.7	18.6	14.7	12.8
1956--	270.0	81.0	57.3	23.8	53.5	135.4	65.5	13.6	8.4	17.3	16.1	14.6
1957--	268.6	79.2	56.2	23.0	55.6	133.8	65.3	12.7	7.9	16.1	16.8	14.9
1958--	274.8	90.7	65.3	25.4	55.9	128.2	63.4	12.2	7.4	14.1	16.3	14.7
1959--	281.9	87.6	61.5	26.0	54.6	139.7	65.4	12.6	7.3	19.8	16.9	17.7
1960--	283.4	81.8	55.3	26.5	55.3	146.2	68.8	12.0	6.6	19.5	18.8	20.4
1961--	285.9	89.8	62.5	27.3	56.1	140.0	63.9	11.4	6.3	18.5	19.3	20.6
1962--	294.9	94.8	65.2	29.7	56.5	143.6	64.8	11.4	6.3	18.2	20.1	22.9
1963--	302.6	96.4	64.4	32.0	58.4	147.8	65.3	11.0	6.1	18.7	21.5	25.2
1964--	308.2	95.0	60.2	34.8	61.1	152.0	68.5	10.9	6.0	18.5	22.5	25.7
1965--	313.7	97.4	58.3	39.1	63.4	153.0	70.5	10.6	5.8	15.1	24.1	27.0
1966--	315.9	96.9	54.7	42.2	66.7	152.3	73.3	9.7	5.1	13.9	24.5	25.8
II. Securities of Federal instrumentalities not guaranteed by United States ⁷												
1954--	2.0	1.3	1.3	-----	(*)	.7	.2	.1	.1	.1	.1	.1
1955--	2.9	1.8	1.8	-----	(*)	1.1	.4	.1	.1	.2	.1	.2
1956--	3.9	1.6	1.6	-----	(*)	2.3	1.0	.1	.2	.4	.2	.4
1957--	5.0	1.7	1.7	-----	(*)	3.3	1.3	.1	.3	.7	.3	.6
1958--	5.4	2.2	2.2	-----	(*)	3.2	.9	.2	.3	.7	.3	.8
1959--	6.7	1.9	1.9	-----	(*)	4.8	1.9	.2	.4	1.0	.4	.9
1960--	8.4	1.6	1.6	-----	(*)	6.8	2.7	.3	.5	1.7	.6	1.0
1961--	7.8	1.8	1.8	-----	(*)	6.0	1.9	.3	.5	1.5	.7	1.1
1962--	9.3	2.3	2.3	-----	(*)	7.0	2.5	.4	.6	1.5	.8	1.2
1963--	10.2	2.9	2.9	-----	.1	7.3	2.6	.4	.6	1.6	.9	1.1
1964--	11.9	3.1	3.1	-----	(*)	8.8	3.6	.5	.7	1.7	1.0	1.3
1965--	13.5	3.5	3.5	-----	(*)	10.0	4.0	.6	.8	1.3	1.7	1.6
1966--	17.7	4.4	4.4	-----	.1	13.2	5.8	.7	.8	1.7	2.2	2.0
III. Securities of State and local governments, Territories, and possessions ⁸												
1954--	37.4	12.0	12.0	-----	.3	25.1	13.8	4.6	.5	.9	4.5	.7
1955--	42.8	12.8	12.8	-----	.3	29.7	16.4	5.8	.7	1.1	4.9	.8
1956--	47.6	13.0	13.0	-----	.2	34.5	19.5	6.6	.7	1.4	5.3	.9
1957--	52.1	13.4	13.4	-----	.2	38.4	22.0	7.4	.7	1.5	5.8	1.0
1958--	56.8	15.8	15.8	-----	.3	40.7	22.8	8.2	.7	1.5	6.4	1.1
1959--	62.0	17.0	17.0	-----	.3	44.6	24.6	9.5	.7	1.7	6.8	1.3
1960--	66.4	16.8	16.8	-----	.3	49.2	27.2	11.1	.7	1.7	7.1	1.5
1961--	71.7	18.8	18.8	-----	.4	52.5	28.3	12.6	.7	1.9	7.4	1.6
1962--	80.1	23.2	23.2	-----	.5	56.4	30.7	13.7	.6	2.4	7.2	1.8
1963--	85.9	27.9	27.9	-----	.6	57.5	31.7	14.5	.5	2.6	6.4	1.8
1964--	91.3	31.5	31.5	-----	.6	59.2	33.7	15.0	.4	2.7	5.6	1.8
1965--	99.2	36.6	36.6	-----	.8	61.8	36.0	15.2	.4	3.3	5.0	1.9
1966--	104.8	40.3	40.3	-----	.9	63.6	38.2	14.4	.3	4.1	4.6	2.0

^{*} Less than \$50 million.[†] Revised.¹ Except data including U.S. savings bonds of Series A-F and J, which are on the basis of current redemption value.² Includes partnerships and personal trust accounts.³ Exclusive of banks and insurance companies.⁴ Comprises trust, sinking, and investment funds of State and local governments, Territories, and possessions.⁵ Includes savings and loan associations, nonprofit associations, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country.⁶ On daily Treasury statement basis. Since noninterest-bearing debt is excluded the figures differ slightly from those in discussion of debt ownership. Special issues to Federal agencies and trust funds are included and guaranteed securities held by the Treasury are excluded.⁷ Excludes stocks and interagency loans. Series includes Federal land bank securities.⁸ Excludes obligations of Puerto Rico.

NOTE.—For data from 1937-51, see the 1952 annual report, pp. 764 and 765; and for 1952 and 1953, the 1962 annual report, page 745. The 1963 and earlier reports exclude Federal land banks for the years 1947-63 in the series for Federal instrumentalities not guaranteed by the United States.

TABLE 57.—Summary of Treasury survey of ownership of interest-

[Par value. In

Classification	Total amount outstanding		Held by investors covered in Treasury survey ¹							
			Commercial banks ^{2 3}		Mutual savings banks ²		Insurance companies			
							Life		Fire, casualty, and marine	
	June 30		June 30		June 30		June 30		June 30	
	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
Number of institutions or funds.....	-----	-----	5,978	5,930	501	505	296	295	482	473
TYPE OF SECURITY										
Public marketable:										
Treasury bills.....	53,665	54,929	7,058	6,084	568	355	92	36	255	191
Certificates of indebtedness.....		1,652		914		79		1		8
Treasury notes.....	52,549	50,649	12,850	10,317	450	547	67	42	572	536
Treasury bonds.....	102,481	101,897	28,574	27,805	4,508	3,923	4,358	4,032	3,508	3,383
Total public marketable.....	208,695	209,127	48,483	45,120	5,526	4,904	4,518	4,111	4,336	4,118
Public nonmarketable:										
U.S. savings bonds ⁴	50,043	50,537	1	(*)	5	2	4	2	13	7
Investment series bonds.....	3,256	2,692	134	39	100	68	190	65	54	42
Depository bonds.....	59	44	7	59	(*)	(*)				
All other ⁴	2,410	1,911								
Total public nonmarketable.....	55,768	55,183	194	83	105	70	194	67	67	48
Special issues.....	48,650	51,120								
Guaranteed securities held outside the Treasury.....	589	460	48	38	114	89	93	81	6	11
Grand total.....	313,702	315,892	48,724	45,241	5,746	5,063	4,804	4,260	4,409	4,177
MATURITY CLASSES ⁵										
Public marketable:										
Within 1 year.....	87,637	89,136	13,945	13,360	766	707	136	55	526	516
1 to 5 years.....	56,198	60,933	20,672	19,633	1,384	1,361	344	373	1,646	1,607
5 to 10 years.....	39,169	33,596	12,827	11,259	1,814	1,471	740	501	1,644	1,369
10 to 15 years.....	2,609	4,518	79	180	84	190	178	565	57	104
15 to 20 years.....	5,841	3,922	255	211	248	115	759	342	125	83
20 years and over.....	17,241	17,023	705	477	1,231	1,061	2,362	2,276	338	439
Total public marketable.....	208,695	209,127	48,483	45,120	5,526	4,904	4,518	4,111	4,336	4,118

^{*} Less than \$500,000.

¹ Banks and insurance companies covered in the Treasury survey of ownership of securities issued or guaranteed by the U.S. Government, account for approximately 90 percent of the amount of such securities owned by all banks and insurance companies in the United States. The savings and loan associations and corporations account for about half of the Federal securities held by these investor classes. State and local government funds account for about 70 percent. Details as to the ownership of each security are available in the "Treasury Bulletin" monthly for the above investors and semiannually for commercial banks classified by membership in the Federal Reserve System.

² Securities held in trust departments are excluded.

³ Includes trust companies and stock savings banks.

⁴ Included with all other investors are those banks, insurance companies, savings and loan associations, corporations, and State and local government funds not reporting in the Treasury survey.

bearing public debt and guaranteed securities, June 30, 1965 and 1966

millions of dollars]

Held by investors covered in Treasury survey ¹ —Continued										Held by all other investors ³		Memorandum: Held by corporate pension trust funds ⁴			
Savings and loan associations		Corporations		State and local governments				U.S. Government investment accounts and Federal Reserve banks							
				General funds		Pension and retirement funds									
June 30		June 30		June 30		June 30		June 30		June 30		June 30			
1965	1966	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
488	488	469	469	316	316	191	191	-----	-----	-----	-----	-----	-----	18,387	20,050
314	327	4,270	2,834	5,261	5,288	430	311	8,993	11,040	26,422	28,463	565	530		
	21		94		71				15		449		7		
234	300	2,128	1,729	1,560	1,256	11	30	26,266	26,902	8,410	8,991	218	176		
3,033	2,968	1,304	1,669	3,852	4,257	5,840	5,457	16,216	17,605	31,290	30,796	1,390	1,157		
3,581	3,616	7,701	6,327	10,672	10,873	6,281	5,798	51,475	55,561	66,122	68,699	2,172	1,869		
21	11	1	1	25	19	19	11	7	6	49,948	50,478	138	137		
40	26	1	1	89	77	169	107	2,204	2,098	274	168	17	12		
										2,410	1,911				
61	38	2	2	114	96	188	118	2,211	2,104	52,632	52,556	155	149		
								48,650	51,120						
73	48	-----	-----	1	(*)	26	41	139	94	88	57	8	10		
3,715	3,701	7,703	6,329	10,787	10,969	6,495	5,958	102,475	108,880	118,842	121,312	2,336	2,028		
432	531	5,482	4,619	6,218	6,277	439	322	28,415	28,410	31,279	34,341	684	662		
950	1,023	1,845	1,411	1,609	1,702	281	300	12,416	16,779	15,052	16,743	453	506		
1,492	1,345	249	200	1,210	1,223	752	558	4,996	4,447	13,446	11,223	572	404		
66	91	1	1	207	333	354	478	726	1,433	858	1,142	59	66		
181	164	52	25	576	469	882	676	1,473	789	1,290	1,045	88	49		
461	461	73	70	852	868	3,573	3,464	3,449	3,703	4,198	4,204	316	182		
3,581	3,616	7,701	6,327	10,672	10,873	6,281	5,798	51,475	55,561	66,122	68,699	2,172	1,869		

¹ Consists of corporate pension trust funds and profit-sharing plans which involve retirement benefits. Quarterly data are presented in the "Treasury Bulletin" as supplemental information in a memorandum column accompanying the Survey of Ownership for each reporting date, beginning with Dec. 31, 1953. The corresponding information from earlier reports, beginning with Dec. 31, 1949, is summarized in the March 1954, "Treasury Bulletin," p. 30.

² U.S. savings bonds, Series E and J are reported at maturity value by the investors covered in the Treasury survey and have been adjusted to current redemption value for this table.

³ Includes depository bonds held by commercial banks not included in the survey: \$19 million in both 1965 and 1966.

⁴ For details see table 35.

⁵ All issues classified to final maturity. Table 34 shows the maturity distribution of marketable, interest-bearing public debt by call classes and by maturity classes from 1946-66.

Account of the Treasurer of the United States

TABLE 58.—*Assets and liabilities in the account of the Treasurer of the United States, June 30, 1965 and 1966*

[On basis of daily Treasury statements, see "Bases of Tables"]

	June 30, 1965	June 30, 1966	Increase, or decrease (—)
GOLD			
Assets: Gold.....	\$13,934,074,997.61	\$13,433,471,708.37	—\$500,603,289.24
Liabilities:			
Gold certificates, Series of 1934, outstanding.....	1,277,800.00	1,277,800.00	-----
Gold certificate fund—Board of Governors, Federal Reserve System.....	12,052,115,092.09	11,221,250,114.73	—830,864,977.36
International Monetary Fund gold deposit.....		182,864,977.36	182,864,977.36
Redemption fund—Federal Reserve notes.....	1,616,842,174.26	1,770,259,460.26	153,417,286.00
Reserve against U.S. notes outstanding.....	156,039,430.93	156,039,430.93	-----
Gold balance.....	107,800,500.33	101,779,925.09	—6,020,575.24
Total.....	13,934,074,997.61	13,433,471,708.37	—500,603,289.24
SILVER			
Assets:			
Silver bullion:			
At monetary value.....	† 1,277,349,822.48	887,944,956.11	—389,404,866.37
At cost value.....	† 8,848,785.75	76,081.58	—8,772,704.17
From melting uncurrent coins.....		346,013.84	346,013.84
Silver dollars.....	2,971,079.00	2,978,237.00	7,158.00
Total.....	† 1,289,169,687.23	891,345,288.53	—397,824,398.70
Liabilities:			
Silver certificates (issued after June 30, 1929) outstanding.....	888,750,703.00	602,064,220.00	—286,686,483.00
Silver balance.....	† 400,418,984.23	289,281,068.53	—111,137,915.70
Total.....	† 1,289,169,687.23	891,345,288.53	—397,824,398.70
GENERAL ACCOUNT			
Assets:			
In Treasury offices:			
Gold balance (as above).....	107,800,500.33	101,779,925.09	—6,020,575.24
Coinage metal:			
Silver balance (as above).....	† 400,418,984.23	289,281,068.53	—111,137,915.70
Other.....	† 2,505,303.72	161,027,968.73	158,522,665.01
Subsidiary coin.....	9,455,423.56	156,111,936.77	146,656,513.21
Minor coin.....	† 3,837,683.62	12,763,005.67	8,925,322.05
U.S. notes.....	1,551,521.00	5,586,156.00	4,034,635.00
Silver certificates.....	5,841,222.00	4,471,775.00	—1,369,447.00
Federal Reserve notes.....	109,559,653.00	145,794,228.00	36,234,575.00
Other currencies, unassorted money, etc.	530,378.00	378,761.00	—151,617.00
Unclassified collections, uncollected items, exchanges, etc. (net).....	54,584,370.28	92,716,527.43	38,132,157.15
Subtotal.....	696,085,039.74	969,911,352.22	273,826,312.48
Deposits in:			
Federal Reserve banks:			
Available funds.....	672,043,715.74	765,863,368.23	93,819,652.49
In process of collection.....	233,455,908.51	370,179,812.16	136,723,903.65
Special depositaries, Treasury tax and loan accounts.....	10,688,996,286.68	10,049,614,545.64	—639,381,741.04
National and other bank depositaries.....	263,564,759.56	209,108,866.36	—54,455,893.20
Foreign depositaries.....	56,118,925.14	42,699,264.90	—13,419,660.24
Subtotal.....	11,914,179,595.63	11,437,465,857.29	—476,713,738.34
Total assets, Treasurer's account.....	12,610,264,635.37	12,407,377,209.51	—202,887,425.86
General account balance.....	12,610,264,635.37	12,407,377,209.51	—202,887,425.86

† Revised.

† The Atomic Energy Commission held 64,751,316.1 ounces on June 30, 1965 and 1966.

TABLE 59.—*Analysis of changes in tax and loan account balances, fiscal years 1955-66*

[In millions of dollars. On basis of telegraphic reports]

Fiscal year or month	Credits							With- drawals	Balance			
	Proceeds from sales of securities ¹				Taxes		Total credits		End of period	During period		
	Savings bonds	Retire- ment plan bonds ²	Tax anti- cipa- tion securities	Other	With- held and excise ³	Income (by special arrange- ment) ⁴				High	Low	Average
1955.....	4,424		5,977	8,167	20,538	2,967	42,074	42,545	4,365	7,299	1,910	3,991
1956.....	3,810		6,035	786	23,897	4,611	39,140	38,871	4,633	5,486	1,103	3,373
1957.....	2,976		5,043	6,568	26,709	4,152	45,448	46,000	4,082	6,078	813	2,987
1958.....	2,824		2,922	13,513	27,881	7,903	55,044	50,908	8,218	8,869	1,078	3,246
1959.....	2,668		7,581	13,164	29,190	5,919	58,520	62,994	3,744	8,055	912	3,638
1960.....	2,679		7,784	7,920	33,069	6,053	57,496	54,782	6,458	6,458	1,390	4,103
1961.....	2,787		7,613	1,788	34,511	9,142	55,842	56,847	5,453	7,653	1,161	4,151
1962.....	2,725		5,898	3,774	37,519	6,521	56,438	53,076	8,815	8,889	1,531	4,457
1963.....	2,699	(*)	2,963	3,830	41,267	6,835	57,595	56,085	10,324	10,324	2,535	5,325
1964.....	2,760	2		2,014	43,580	9,921	58,277	59,421	9,180	10,257	1,577	4,747
1965.....	2,635	1	2,340		42,475	12,598	60,050	58,540	10,689	10,872	1,844	5,431
1966.....	2,704	1	7,368	1,627	48,478	14,522	74,699	75,338	10,050	11,274		4,324
1965-July.....	229	(*)			1,462	74	1,764	6,120	6,333	11,274	6,145	8,104
August.....	210	(*)			5,542		5,752	6,537	5,548	6,521	5,197	5,962
September.....	193	(*)			4,120	4,223	8,536	7,690	6,394	6,948	1,806	4,349
October.....	196	(*)	3,931		1,134	76	5,337	8,198	3,534	6,001	2,533	4,431
November.....	200	(*)	2,452		4,940		7,592	6,253	4,872	5,186	1,427	2,881
December.....	211	1			4,024	1,924	6,159	6,453	4,577	5,124	1,253	3,401
1966-January.....	261	(*)	985	1,627	1,447	53	4,374	5,591	3,360	4,581	1,374	3,120
February.....	218	(*)			5,721		5,939	4,900	4,399	4,856	2,382	3,630
March.....	265	(*)			5,133	2,193	7,591	7,546	4,444	5,101	1,002	3,252
April.....	246	(*)			1,256	2,612	4,114	4,067	4,491	4,491	447	2,269
May.....	242	(*)			6,540	743	7,526	6,013	6,003	6,715	4,347	5,677
June.....	232	(*)			7,158	2,626	10,016	5,969	10,050	10,050	1,700	4,812

^{*} Less than \$500,000.¹ Special depositaries are permitted to make payment in the form of a deposit credit for the purchase price of U.S. Government securities purchased by them for their own account, or for the account of their customers who enter subscriptions through them, when this method of payment is permitted under the terms of the circulars inviting subscriptions to the issues.² Retirement plan bonds were first offered for sale as of Jan. 1, 1963.³ Taxes eligible for credit consist of those deposited by taxpayers in the depository

banks, as follows: Withheld income tax beginning March 1948; taxes on employers and employees under the Federal Insurance Contributions Act beginning January 1950, and under the Railroad Retirement Tax Act beginning July 1951; and a number of excise taxes beginning July 1953.

⁴ Under a special procedure begun in Mar. 1951, authorization may be given for income tax payments, or a portion of them, made by checks of \$10,000 or more drawn on a special depository bank to be credited to the tax and loan account in that bank. This procedure is followed during some of the periods of heavy tax payments.

Stock and Circulation of Money in the United States

TABLE 60.—*Currency and coin outstanding, in the Treasury, in the Federal Reserve banks, and in circulation, by kinds, June 30, 1966*

[In thousands of dollars, except per capita figures. From records of the Treasurer's Office, supplemented by reports from Treasury offices and Federal Reserve banks. The figures shown in this table give effect to all transactions through June 30, including those for which reports were received after that date. They may, therefore, differ from similar figures in other tables prepared on the basis of daily Treasury statements. See *Statement of United States Currency and Coin* published monthly]

AMOUNTS OUTSTANDING AND IN CIRCULATION

	Total currency and coin	Currencies presently being issued ¹			Coin		
		Total	Federal Reserve notes ²	United States notes ³	Total	Standard silver dollars	Fractional coin
Amounts outstanding.....	46,641,417	41,272,152	40,949,613	322,539	4,675,342	484,720	4,190,622
Less amounts held by:							
The Treasury.....	320,797	133,926	128,339	5,587	183,327	2,978	180,349
The Federal Reserve banks.....	3,766,598	3,520,634	3,506,463	14,171	228,196	47	228,149
Amounts in circulation.....	42,554,022	37,617,592	37,314,811	302,781	4,263,818	481,694	3,782,124
Currencies no longer issued ³							
	Total	Federal Reserve notes ⁴	Federal Reserve bank notes	National bank notes	Gold certificates ⁵	Silver certificates	Treasury notes of 1890
Amounts outstanding.....	693,923	1,193	64,904	21,358	4,251	602,206	11
Less amounts held by:							
The Treasury.....	3,544	15	183	14	145	3,187	-----
The Federal Reserve banks.....	17,767	-----	420	44	-----	17,304	-----
Amounts in circulation.....	672,612	1,178	64,301	21,300	4,107	581,715	17

Currency by denominations, and coin, in circulation					Comparative totals of money in circulation— selected dates		
Denomination	Federal Reserve notes ²	U.S. notes	Currencies no longer issued	Total	Date	Amount (in millions)	Per capita ⁶
\$1.....	1,470,501	151	413,297	1,883,949	June 30, 1966	⁷ 42,554.0	216.18
\$2.....		134,954	14	134,968	May 31, 1966	42,102.2	⁷ 214.08
\$5.....	2,262,570	167,649	139,965	2,570,184	June 30, 1965	39,719.8	⁷ 204.14
\$10.....	7,760,615	13	44,865	7,805,494	June 30, 1960	32,064.6	177.47
\$20.....	13,546,310	5	22,999	13,569,314	June 30, 1955	30,229.3	182.90
\$50.....	3,524,565	1	17,055	3,541,622	June 30, 1950	27,156.3	179.03
\$100.....	8,220,513	2	33,501	8,254,016	June 30, 1945	26,746.4	191.14
\$500.....	240,558	3	298	240,858	June 30, 1940	7,847.5	59.40
\$1,000.....	282,874	2	403	283,279	June 30, 1935	5,567.1	43.75
\$5,000.....	2,615		75	2,690	June 30, 1930	4,522.0	36.74
\$10,000.....	3,690		140	3,830	June 30, 1925	4,815.2	41.56
Fractional parts.....			(*)	(*)			
Total currency.....	37,314,811	302,781	672,612	38,290,204	June 30, 1920	5,467.6	51.36
Total coin.....				4,263,818	June 30, 1915	3,319.6	33.01
Total currency and coin.....				42,554,022	June 30, 1910	3,148.7	34.07

¹ Revised. ² Less than \$500.

³ Excludes gold certificates, Series of 1934, which are issued only to Federal Reserve banks and do not appear in circulation.

⁴ Issued on and after July 1, 1929.

⁵ Excludes old series currencies written off pursuant to the act approved June 30, 1961. See table 64, footnote 1.

⁶ Issued before July 1, 1929.

⁷ Issued before Series of 1934.

⁸ Based on Bureau of the Census estimates of population.

⁹ Highest amount to June 30, 1966.

TABLE 61.—*Stock of money by kinds, selected years, June 30, 1930–66*
 (In thousands of dollars, except percentage of gold to total stock of money. For basis of data see headnote to table 60)

Kind of money	1930	1935	1940	1945	1950	1955	1960	1964	1965	1966
Bullion and coin:										
Gold.....	4,534,866	9,115,643	19,963,091	20,212,973	24,230,720	21,677,575	19,322,238	15,461,436	13,934,083	¹ 13,251,485
Silver bullion (at monetary value).....	313,309	1,353,162	1,520,295	2,022,835	2,187,429	2,252,075	² 1,846,780	² 1,267,417	² 864,055	² 864,055
Standard silver dollars.....	539,980	545,642	547,078	493,943	492,583	490,347	487,773	484,722	484,720	484,720
Subsidiary coin.....	310,978	312,418	402,261	825,798	1,001,574	1,298,140	1,552,106	1,999,475	2,375,327	3,257,236
Minor coin.....	126,001	133,040	173,909	303,539	378,463	449,625	559,148	737,665	853,388	933,886
Subtotal.....	5,511,805	10,420,050	22,439,501	23,356,548	28,126,175	26,101,115	24,173,340	20,530,078	18,914,934	18,790,882
Less: Gold, silver bullion, and standard silver dollars held as security for, or redemption of outstanding paper currencies ³	3,967,402	7,287,471	19,807,106	20,079,777	25,504,665	23,594,948	21,611,053	17,153,397	14,715,025	13,750,891
Total bullion and coin (net).....	1,544,403	3,132,579	2,632,395	3,276,771	2,621,510	2,506,168	2,562,287	3,376,681	4,199,909	5,039,991
Paper currency:										
Gold certificates, and credits payable therein ⁴	3,322,904	6,320,236	17,821,133	18,106,600	23,022,852	21,028,137	19,059,416	15,185,450	13,670,235	12,992,787
Less: Amount included in collateral held by Federal Reserve agents for Federal Reserve notes.....	1,596,214	3,294,639	5,557,500	10,968,000	14,349,000	11,108,000	10,565,000	6,542,000	6,295,000	6,563,000
Subtotal.....	1,726,690	3,025,597	12,263,633	7,138,600	8,673,851	9,920,137	8,494,416	8,643,450	7,375,235	6,429,787
Gold certificates—prior to Series of 1934 ⁵	487,198	810,014	1,828,771	1,815,988	2,324,628	2,409,630	2,394,456	19,624	13,340	4,251
Silver certificates ⁶	1,260	1,182	1,163	1,150	1,145	1,142	1,142	1,826,840	889,176	602,206
Treasury notes of 1890 ⁷	346,681	346,681	346,681	346,681	346,681	346,681	346,681	346,681	322,681	322,539
United States notes ⁸	1,746,501	3,492,854	5,481,778	23,650,975	23,602,680	26,629,030	28,394,186	34,428,856	37,347,185	40,950,806
Federal Reserve notes ⁹	3,260	34,354	22,809	533,979	277,202	164,412	100,736	73,929	68,793	64,904
Federal Reserve bank notes ¹⁰	698,317	769,096	167,190	121,215	87,615	67,379	55,979	36,393	22,283	21,358
National bank notes ¹¹										
Total paper currency (net).....	5,009,907	8,529,778	20,112,025	33,608,588	35,313,803	39,538,411	39,787,595	45,375,915	46,038,735	48,395,863
Total stock of money.....	6,554,310	11,662,357	22,744,420	36,885,360	37,935,313	42,044,579	42,349,882	48,752,595	50,238,644	53,435,854
Percentage of gold to total stock of money.....	69.19	78.18	87.77	54.80	63.87	51.56	45.63	31.71	27.74	24.80

¹ Excludes gold deposited with the United States by the International Monetary Fund.

² Excludes bullion carried at monetary value but released for coinage use.

³ Comprises the security for: Gold certificates and credits payable therein (100% in gold); U.S. notes (gold to the extent of the reserve required by law (31 U.S.C. 408)); and silver certificates and Treasury notes of 1890 (100% in silver bullion or standard silver dollars). Since enactment of the Old Series Currency Adjustment Act (31 U.S.C. 912-916) on June 30, 1961, gold certificates prior to the Series of 1934, silver certificates issued before July 1, 1929, and Treasury notes of 1890 have been payable from the general fund. The amount of security shown on this line for years after 1961 has been reduced accordingly.

⁴ Consists of: Gold certificates outside of the Treasury (issues prior to Series of 1934 are included through 1961); credits with Treasurer of the United States payable to Board of Governors, Federal Reserve System, in gold certificates (gold or gold certificates prior to Gold Reserve Act of 1934); and 5 percent redemption fund with the Treasurer of the United States for Federal Reserve notes. These obligations are fully secured by gold in the Treasury.

⁵ Pursuant to the Old Series Currency Adjustment Act are redeemable from the general fund of the Treasury and upon redemption will be retired.

⁶ Silver certificates are secured by silver bullion at monetary value (\$1.29+ per fine ounce) and standard silver dollars held in the Treasury. Those certificates issued before July 1, 1929 (of which \$142,175 remained outstanding on June 30, 1966) are redeemable from the general fund and upon redemption will be retired (31 U.S.C. 912-916).

⁷ Treasury notes of 1890 have been in process of retirement since March 1900 (31 U.S.C. 411) upon receipt by the Treasury. Until June 30, 1961, secured by silver and by gold reserve; thereafter redeemable from general fund.

⁸ U.S. notes are secured by the gold reserve (31 U.S.C. 408). This reserve, which was also a reserve for Treasury notes of 1890 until June 30, 1961, amounted to \$156,039,088 in 1930, and \$156,039,431 for subsequent dates in this table. The act of May 31, 1878 (31 U.S.C. 404) required that the amount of U.S. notes then outstanding, \$346,681,016, be kept in circulation. The Old Series Currency Adjustment Act provided that this

amount should be reduced by such amounts of notes as the Secretary of the Treasury might determine to have been destroyed or irretrievably lost. To date, the Secretary has made such determinations with respect to \$24,142,000 of the U.S. notes issued prior to July 1, 1929.

⁹ Federal Reserve banks secure Federal Reserve notes by depositing like amounts of collateral with Federal Reserve agents. Such collateral may consist of (a) gold certificates or gold certificate credits (also gold prior to conservation actions of 1933 and 1934), (b) such discounted or purchased paper as is eligible under terms of the Federal Reserve Act, as amended, or (c) since Feb. 27, 1932, securities issued by the United States. Federal Reserve banks must maintain reserves in gold certificates or gold certificate credits (gold for 1933 and preceding years), which may include the 5 percent redemption fund deposited with the Treasurer of the United States, equal to a specified percentage of their notes in actual circulation (40 percent before act of June 12, 1945 (12 U.S.C. 413) and 25 percent thereafter). Federal Reserve notes are obligations of the United States and are a first lien on all assets of the issuing Federal Reserve bank.

Pursuant to the Old Series Currency Adjustment Act of 1961, funds were deposited by the Federal Reserve banks on July 28, 1961, with the Treasurer of the United States for the redemption of all series of Federal Reserve notes issued before the Series of 1928. The amount shown for 1966 includes \$1,193,088 for such series.

¹⁰ Federal Reserve bank notes at issuance were secured by direct obligations of the United States or commercial paper. Since termination of their issuance on June 12, 1945 (12 U.S.C. 445 note), the notes have been in process of retirement, and lawful money has been deposited with the Treasurer of the United States for their redemption.

¹¹ National bank notes at issuance were secured by direct obligations of the United States. From Dec. 23, 1915 (12 U.S.C. 441) these notes have been in process of retirement, and lawful money has been deposited with the Treasurer of the United States for their redemption.

NOTE.—Figures for years not shown appeared in the following annual reports: 1860-1947 in the 1947 report, page 482; 1948 and 1949 in the 1956 report, page 542; 1951-61 in the 1961 report, page 634; and 1962 and 1963 in the 1964 report, page 596.

TABLE 62.—*Money in circulation by kinds, selected years, June 30, 1930-66*

[In thousands of dollars. For basis of data, see headnote to table 60]

June 30	Gold coin	Gold certificates ¹	Standard silver dollars	Silver certificates ¹	Treasury notes of 1890 ¹	Subsidiary coin	Minor coin	United States notes ¹	Federal Reserve notes ¹	Federal Reserve bank notes ¹	National bank notes ¹	Total
1930.....	357,236	994,841	38,629	356,915	1,260	281,231	117,436	288,389	1,402,066	3,206	650,779	4,521,988
1935.....	(2)	117,167	32,308	701,474	1,182	295,773	125,125	285,417	3,222,913	81,470	704,263	5,567,093
1940.....	(2)	66,793	46,020	1,581,662	1,163	384,187	168,977	247,887	5,163,284	22,373	165,155	7,847,501
1945.....	(2)	52,084	125,178	1,650,689	1,150	788,283	291,996	322,587	22,867,459	527,001	120,012	26,746,438
1950.....	(2)	40,772	170,185	2,177,251	1,145	964,709	360,886	320,781	22,760,285	273,788	86,488	27,156,290
1955.....	(2)	34,466	223,047	2,169,726	1,142	1,202,209	432,512	319,064	25,617,775	162,573	66,810	30,229,323
1960.....	(2)	30,394	305,083	2,126,833	1,142	1,484,033	549,367	318,436	27,093,693	99,987	55,652	32,064,619
1964.....	(2)	19,379	481,721	1,722,995	142	1,987,138	736,049	320,721	32,355,954	73,276	36,320	37,733,694
1965.....	(2)	13,209	481,698	829,177	42	2,355,380	824,585	301,978	34,823,233	68,333	22,167	39,719,801
1966.....	(2)	4,107	481,694	581,715	11	2,907,355	874,769	302,781	37,315,989	64,301	21,300	42,554,022

¹ For description of security required to be held against the various kinds of paper currency, and for retirement provisions, see footnotes to table 61.

² Gold Reserve Act of 1934, which was the culmination of gold actions of 1933, vested in the United States title to all gold coin and gold bullion. Gold coin was withdrawn from circulation and formed into bars. Gold coin (\$287,000,000) shown on Treasury

records as being then outstanding was dropped from monthly circulation statement as of Jan. 31, 1934.

NOTE.—Figures for years not shown appeared in the following annual reports: 1860-1947 in the 1947 report, page 485; 1948-49 in the 1956 report, page 543; and 1951-61 in the 1961 report, page 636; and 1962 and 1963 in the 1964 report, page 598.

TABLE 63.—*Location of gold and silver bullion, coin, and coinage metal held by the Treasury, June 30, 1966*

[In thousands of dollars. For basis of data, see headnote to table 60]

Location	Gold	Silver bullion ¹	Silver dollars	Fractional coin ²	Coinage metal ³
U.S. mints:					
Denver.....	2,295,495	14,280	27	66,032	18,497
Philadelphia.....	1,986	1,094	30	22,943	137,969
U.S. assay offices:					
New York ⁴	1,211,776	513,824		42,439	43
San Francisco.....	329,993	275,379		13,426	4,212
Bullion depository, Fort Knox.....	8,991,004			26,400	
Treasurer of United States, Washington, D.C.....	11		2,921	6,252	
Custody accounts:					
Federal Reserve Bank of New York.....	⁴ 604,072				
Other banks, etc., various locations.....	13	83,719		2,857	
Total.....	13,434,350	⁵ 888,295	2,978	180,349	160,721

¹ Amounts in transit between Bureau of the Mint institutions are included in the balance of the shipping institution.² Includes coin in transit to Federal Reserve banks.³ Includes bullion depository at West Point, N.Y.⁴ Physically located as follows: At Bank of Canada, Ottawa, \$235,045,439; at Bank of England, London, \$115,546,602; at New York Assay Office, \$34,714,178; and in Federal Reserve Bank's own vaults, \$218,765,534.⁵ Consists of \$887,864,807 at the monetary value of \$1.29+ per ounce, \$78,385 at the average cost value of \$0.77+ per ounce and \$352,031 derived from uncurrent silver coin at \$1.38+ per ounce.

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TABLE 64.—*Paper currency issued and redeemed during the fiscal year 1966 and outstanding June 30, 1966, by classes and denominations*

[For basis of data, see headnote to table 60]

CLASS	Issued during 1966	Redeemed during 1966	Outstanding June 30, 1966 ¹		
			In Treasury	In Federal Reserve banks	In circulation
Gold certificates—Series of 1934.....				\$1,277,800	
U.S. notes.....	\$81,905,303	\$82,047,303	\$5,587,375	14,171,013	\$302,780,628
Federal Reserve notes—issued on and after July 1, 1929.....	10,813,653,000	7,207,511,464	128,339,026	3,506,463,198	37,314,811,002
Currencies no longer issued: Federal Reserve notes—issued before July 1, 1929.....		2,520,570	14,800		1,178,288
Federal Reserve bank notes.....		3,889,074	183,068	419,880	64,301,186
National bank notes.....		924,892	13,848	43,615	21,300,322
Gold certificates—issued before Series of 1934.....		9,089,060	144,660		4,106,659
Silver certificates.....		286,969,311	3,187,365	17,303,953	581,715,077
Treasury notes of 1890.....		31,000			10,534
Total.....	10,895,558,303	7,592,982,674	137,470,142	3,539,679,459	38,290,203,696
DENOMINATION					
\$1.....	1,106,848,000	561,416,593	34,408,325	918,299,946	1,883,948,760
\$2.....	18,611,798	5,726,346	228,552	4,073,238	134,968,262
\$5.....	1,564,773,505	1,296,048,660	15,016,395	429,871,455	2,570,184,023
\$10.....	2,941,760,000	2,412,227,870	23,399,130	867,178,560	7,805,493,785
\$20.....	3,632,560,000	2,568,512,930	43,815,040	912,244,260	13,569,313,854
\$50.....	527,800,000	316,805,425	6,356,400	149,633,200	3,541,621,625
\$100.....	1,078,700,000	400,513,350	10,700,050	217,189,300	8,254,015,650
\$500.....	10,350,000	12,760,500	1,211,250	9,107,500	240,858,250
\$1,000.....	11,500,000	16,466,000	2,245,000	20,357,000	283,279,000
\$5,000.....	845,000	965,000	20,000	2,485,000	2,690,000
\$10,000.....	1,810,000	1,540,000	70,000	8,140,000	3,830,000
\$100,000.....				1,200,000	
Fractional parts.....					487
Total.....	10,895,558,303	7,592,982,674	137,470,142	3,539,679,459	38,290,203,696

¹ Amounts outstanding include certain currencies which are also included in the public debt (see table 43, final page). These consist of: (a) U.S. notes in excess of the gold reserve (31 U.S.C. 408); (b) gold certificates of the Series of 1928; and (c) currencies issued before July 1, 1929 (old series) of each of the types listed above. Under the Old Series Currency Adjustment Act (31 U.S.C. 915c) approved June 30, 1961, the Secretary of the Treasury is authorized to determine, from time to time, the amounts of old series currencies, including gold certificates issued prior to Jan. 30, 1934, which, in his judgment, have been destroyed or irretrievably lost and so will never be presented for redemption, and to reduce the outstanding amounts thereof accordingly. The amounts of such reductions effected through June 30, 1966, are as follows:

[In thousands of dollars]

Class	Accounting month				Total
	October 1961	August 1962	November 1964	June 1966	
Issued before July 1, 1929:					
U.S. notes.....			24,000	142	24,142
Federal Reserve notes.....		18,000	14,000	2,450	34,450
Federal Reserve bank notes.....		1,000	1,000	63	2,063
National bank notes.....		15,000	13,500	420	28,920
Gold certificates.....		9,000	6,000	1,600	16,600
Silver certificates.....		15,000	14,500	280	29,780
Treasury notes of 1890.....	1,000		100	31	1,131
Gold certificates, Series of 1928.....				7,350	7,350
Total.....	1,000	58,000	73,100	12,336	144,436

Trust and Other Funds

TABLE 65.—*Holdings of public debt and agency securities by Government agencies and accounts, June 30, 1962-66*

[Par value. In thousands of dollars]

Investments of agencies	1962	1963	1964	1965	1966
GOVERNMENT INVESTMENT ACCOUNTS					
HANDLED BY THE TREASURY ¹					
Major trust funds and accounts:					
Civil Service Commission:					
Employees health benefits fund	23,499	37,924	53,028	61,948	57,126
Employees' life insurance fund	² 247,570	³ 303,406	352,910	379,524	394,414
Retired employees health benefits fund	1,631	100	100	1,325	1,134
Federal Deposit Insurance Corporation	2,593,817	2,754,363	2,937,229	3,117,186	3,344,208
Federal disability insurance trust fund	2,406,992	2,277,967	2,140,925	1,877,759	1,464,700
Unamortized premium or discount ⁴	-855	-723	-2,416	-2,193	-2,072
Federal employees' retirement funds:					
Civil service retirement and disability	12,080,760	13,154,721	14,279,250	15,491,046	16,603,062
Foreign service retirement and disability	36,710	37,891	38,914	40,444	41,588
Judicial survivors annuity	1,772	2,012	2,238	2,668	3,112
Tax Court judges survivors annuity fund					103
Federal hospital insurance trust fund					785,758
Federal Housing Administration: ⁵					
Mutual mortgage insurance fund	532,766	520,549	558,194	488,618	479,442
Cooperative management housing insurance fund					7,694
General insurance fund:					
Apartment unit	850	625	475	325	
Armed services housing mortgage insurance	20,285	27,255	26,105	13,850	
Experimental housing	850	900	825	725	
General insurance					7,406
Housing insurance	8,068	5,758	6,858	6,838	
Housing investment insurance	915	935	971	907	
National defense housing insurance	490	830	4,440	830	
Sec. 203 home improvement	850	625	575	525	
Sec. 220 home improvement	850	700	650	525	
Sec. 220 housing insurance	2,940	3,660	3,375	1,440	
Servicemen's mortgage insurance					
Title I housing insurance	8,132	8,902	16,887	10,331	
Title I insurance	2,045	2,060	5,140	2,100	
War housing insurance	103,678	107,442	80,810	33,995	
Federal old-age and survivors insurance trust fund	42,118	39,630	76,876	26,112	
Unamortized premium or discount ⁴	18,455,510	17,633,024	18,325,487	18,783,222	17,925,398
Federal Savings and Loan Insurance Corporation	-20,845	-19,835	-20,618	-17,498	-16,743
Highway trust fund	592,500	861,094	1,105,094	1,312,622	1,516,701
Railroad retirement account	435,935	677,743	609,028	265,394	237,763
Unemployment trust fund	3,696,960	3,697,461	3,766,424	3,915,705	4,089,572
Unamortized premium or discount ⁴	5,791,982	6,245,191	6,827,077	7,793,935	9,261,610
Veterans' life insurance funds:					
Government life insurance:					
Public debt securities	-3,327	-58	-8,722	-8,816	-8,460
Nonguaranteed securities					
National service life insurance	1,027,809	1,003,002	955,840	933,454	937,670
Special term insurance	5,803,529	5,713,915	5,782,992	5,908,757	6,112,730
Veterans' reopened insurance	87,956	100,588	123,173	149,134	169,618
Other trust funds and accounts:				2,605	18,772
Ainsworth Library fund, Walter Reed General Hospital					
Bequest of George C. Edgeter, relief of indigent American Indians, Bureau of Indian Affairs	11	11	11	11	11
	31	31	31	31	31

Footnotes at end of table.

TABLE 65.—*Holdings of public debt and agency securities by Government agencies and accounts, June 30, 1962-66—Continued*

[Par value. In thousands of dollars]

Investments of agencies	1962	1963	1964	1965	1966
GOVERNMENT INVESTMENT ACCOUNTS—Continued					
HANDLED BY THE TREASURY!—Con.					
Other trust funds and accounts—Con.					
District of Columbia:					
Fees and other collections, Recreation Board.....	20	20	20	21	21
General funds.....	9,213	9,213	9,213	-----	-----
Highway fund.....		3,700	6,000	-----	-----
Judicial retirement and survivors annuity fund.....				100	140
Miscellaneous trust funds.....	96	115	87	2,335	2,330
Motor vehicle parking, highway fund.....	4,122	2,954	743	743	850
Redevelopment program, Redevelopment Land Agency:					
Public debt securities.....	725				
Nonguaranteed securities.....	4,365	7,640	5,325	12,360	9,445
Stadium fund, Armory Board.....	590	150		235	245
Teachers' retirement and annuity fund.....	39,970	43,326	47,108	50,986	54,342
Welfare funds.....	10		10	-----	-----
Working capital fund, Armory Board.....			50	125	100
Esther Cattell Schmitt gift fund.....			417	414	414
Exchange Stabilization Fund.....	72,250	153,147	317,064	256,806	643,385
Federal ship mortgage insurance escrow fund, maritime activities.....	8,822	13,618	22,398	10,988	53,984
Federal ship mortgage insurance fund, revolving fund.....		3,543	758	758	760
General post fund, Veterans' Administration.....	1,597	1,835	2,135	2,185	933
Gifts and bequests, Commerce Longshoremen's and Harbor Workers' Compensation Act, relief and rehabilitation.....	588	466	408	6	6
National Archives gift fund.....				312	214
National Archives trust fund.....	102	102	102	1,824	1,790
National Capital Housing Authority.....	1,761	3,861	3,311	102	102
National park trust fund.....	69	73	578	4,011	2,761
Navajo and Ute Mountain Ute Indians, New Mexico.....				592	663
Navajo Indians, Arizona and New Mexico.....	356	436	729	830	1,068
Office of Naval Records and History fund.....	153	153	212		32,000
Pershing Hall Memorial fund.....	211	211	211	212	212
Philippine Government pre-1934 bond account.....	916	919	292	211	211
Preservation of Birthplace of Abraham Lincoln, National Park Service.....	64	64	64	295	-----
Public Health Service:					
Gift funds.....	176	166	156	64	64
Patients' benefit fund, Public Health Service hospitals.....	6	5	2	156	146
Public Housing programs ^a			24,500	2	2
Saint Elizabeths Hospital unconditional gift fund.....	1	1	1	7,500	21,000
Tennessee Valley Authority.....	10,000			1	1
U.S. Department of the Air Force—general gift fund.....	6	6	6		6
U.S. Department of the Army—general gift fund.....	31	205	189	6	33
U.S. Naval Academy—general gift fund.....	109	109	109	192	109
U.S. Naval Academy—museum fund.....	1	1	1	109	109
War risk insurance revolving fund.....		3,153	3,365	1	1
Workmen's Compensation Act within the District of Columbia, relief and rehabilitation.....	126	126	126	3,461	3,611
				126	118

Footnotes at end of table.

TABLE 65.—*Holdings of public debt and agency securities by Government agencies and accounts, June 30, 1962-66—Continued*

[Par value. In thousands of dollars]

Investments of agencies	1962	1963	1964	1965	1966
GOVERNMENT INVESTMENT ACCOUNTS—Continued					
HANDLED BY THE AGENCIES					
Banks for cooperatives.....	43,000	43,051	44,459	44,368	47,492
District of Columbia: Miscellaneous trust funds.....	117	102	108	116	120
Farmers Home Administration, State rural rehabilitation funds.....	1,083	1,634	1,477	1,646	205
Federal home loan banks.....	1,332,065	1,944,000	1,803,256	1,699,410	1,959,335
Federal Housing Administration: Guaranteed securities: Community disposal operations fund.....					388
Mutual mortgage insurance fund.....	6,493	47,815	123,868	125,561	89,198
Federal intermediate credit banks.....	110,603	111,384	111,331	109,604	109,297
Federal land banks.....	104,550	102,617	102,538	100,532	100,472
Federal National Mortgage Association: Public debt securities: Participation sales fund ¹				5,794	1,703
Secondary market operations.....		91,500			
Guaranteed securities: Management and liquidating functions.....	84,124	79,233	23,558	1,852	4
Secondary market operations.....	38,673	23,250	4,986	5,993	1
Special assistance functions.....	37,424	14,980	6,928	5,967	1,636
Nonguaranteed securities: Participation sales fund ²				19,115	105,505
Secondary market operations.....		59,570			
Secretary of Housing and Urban Development: ³ Liquidating programs: Guaranteed securities.....	4				2,593
Total.....	55,899,375	57,968,154	60,743,378	63,099,008	66,661,364
OTHER ACCOUNTS					
HANDLED BY THE TREASURY					
Alien property trust fund.....	569	544	614	608	608
Canal Zone Postal Savings System.....	4,750	4,400	4,100	3,600	2,650
Central hospital fund, U.S. Army, Office of The Surgeon General.....	1,945	1,945	1,945	1,945	1,954
Comptroller of the Currency.....	4,548	6,742	8,357	10,054	11,298
Individual Indian money deposit fund.....	36,162	35,971	35,046	34,160	33,401
U.S. Postal Savings System ⁴	599,017	502,866	432,079	355,579	188,890
HANDLED BY THE AGENCIES					
General Services Administration, Public Works Administration (in liquidation).....	497	887	440		
Total.....	647,488	553,355	482,581	405,946	238,802
Grand total.....	56,546,863	58,521,508	61,225,959	63,504,954	66,900,166

^{*}Revised.¹ For further details of these accounts, see tables 66 through 83.² Includes Series F and J savings bonds at current redemption value.³ Includes Series J savings bonds at current redemption value.⁴ Includes accrued interest purchased.⁵ Assets and liabilities of all insurance funds and accounts of this Agency existing prior to Aug. 10, 1965, except the mutual mortgage insurance fund, were transferred to the general insurance fund which was created by an act approved Aug. 10, 1965 (12 U.S.C. 1735c).⁶ Functions and funds of the Public Housing Administration and the Housing and Home Finance Agency were transferred to the Housing and Urban Development Department pursuant to an act approved Sept. 9, 1965 (5 U.S.C. 264 et seq.).⁷ Formerly known as the Government mortgage liquidation fund.⁸ This fund was discontinued on Apr. 27, 1966, by an act approved Mar. 28, 1966 (39 U.S.C. 5225-5229).⁹ Excludes securities in the amounts of \$17,671,000, \$12,459,000, and \$12,451,000 held by the Atomic Energy Commission as of June 30, 1964, 1965, and 1966, respectively, which in turn are held by trustees for the protection of certain contractors against financial loss in event of a catastrophe.

NOTE.—For comparable data 1939-49, see 1949 annual report, pp. 492-493, and for 1950-58, see 1958 annual report, pp. 586-589, and for 1959-61, see 1963 annual report, pp. 637-639.

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TABLE 66.—Civil service retirement and disability fund, June 30, 1966

[This trust fund was established in accordance with the provisions of the act of May 22, 1920, as amended (5 U.S.C. 2267). For further details see annual report of the Secretary for 1941, p. 136]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Deductions from salaries, service credit payments, and voluntary contributions of employees subject to retirement act ¹	\$13,174,479,964.65	\$1,112,559,914.20	\$14,287,039,878.85
Federal contributions ²	4,389,352,923.21	67,000,000.00	4,456,352,923.21
Payments by employing agencies ²	6,728,567,982.84	1,097,453,174.54	7,826,021,157.38
Interest and profits on investments	4,908,764,466.04	546,357,597.98	5,455,122,064.02
Transfer from the Comptroller of the Currency retirement fund ³	5,050,000.00	—	5,050,000.00
Total receipts	29,206,215,336.74	2,823,370,686.72	32,029,586,023.46
Expenditures:			
Annuity payments, refunds, etc.	13,593,985,028.83	1,685,931,466.13	15,279,916,494.96
Transfers to policemen's and firemen's relief fund, D.C., deductions and accrued interest thereon	283,291.91	38,799.35	322,091.26
Total expenditures	13,594,268,320.74	1,685,970,265.48	15,280,238,586.22
Balance	15,611,947,016.00	1,137,400,421.24	16,749,347,437.24

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, civil service retirement fund series maturing June 30:			
Treasury certificates of indebtedness:			
4½% of 1966	\$69,707,000.00	—\$69,707,000.00	—
4½% of 1967	—	40,692,000.00	\$40,692,000.00
Treasury notes:			
2½% of 1966	69,913,000.00	—69,913,000.00	—
3½% of 1966	60,976,000.00	—60,976,000.00	—
3½% of 1966	80,227,000.00	—80,227,000.00	—
4½% of 1966	72,775,000.00	—72,775,000.00	—
3½% of 1967	60,976,000.00	—	60,976,000.00
3½% of 1967	80,227,000.00	—	80,227,000.00
4½% of 1967	142,474,000.00	—	142,474,000.00
3½% of 1968	80,227,000.00	—	80,227,000.00
4½% of 1968	142,474,000.00	—	142,474,000.00
4½% of 1968	—	40,692,000.00	40,692,000.00
4½% of 1969	142,474,000.00	—	142,474,000.00
4½% of 1969	—	40,692,000.00	40,692,000.00
4½% of 1970	69,699,000.00	—	69,699,000.00
4½% of 1970	—	40,692,000.00	40,692,000.00
4½% of 1971	—	1,785,656,000.00	1,785,656,000.00
Treasury bonds:			
2½% of 1966	385,000,000.00	—385,000,000.00	—
2½% of 1966	230,527,000.00	—230,527,000.00	—
2½% of 1967	385,000,000.00	—	385,000,000.00
2½% of 1967	230,527,000.00	—	230,527,000.00
2½% of 1967	69,913,000.00	—	69,913,000.00
2½% of 1968	200,000,000.00	—	200,000,000.00
2½% of 1968	415,527,000.00	—	415,527,000.00
2½% of 1968	69,913,000.00	—	69,913,000.00
3½% of 1968	60,976,000.00	—	60,976,000.00
2½% of 1969	615,527,000.00	—	615,527,000.00
2½% of 1969	69,913,000.00	—	69,913,000.00
3½% of 1969	60,976,000.00	—	60,976,000.00
3½% of 1969	80,227,000.00	—	80,227,000.00
2½% of 1970	615,527,000.00	—	615,527,000.00
2½% of 1970	69,913,000.00	—	69,913,000.00
3½% of 1970	60,976,000.00	—	60,976,000.00
4½% of 1970	80,227,000.00	—	80,227,000.00
4½% of 1970	72,775,000.00	—	72,775,000.00
2½% of 1971	615,527,000.00	—	615,527,000.00
2½% of 1971	69,913,000.00	—	69,913,000.00
3½% of 1971	60,976,000.00	—	60,976,000.00
3½% of 1971	80,227,000.00	—	80,227,000.00

Footnotes at end of table.

TABLE 66.—*Civil service retirement and disability fund, June 30, 1966—Continued*
II. ASSETS HELD BY THE TREASURY DEPARTMENT—Continued

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities—Con.			
Special issues, civil service retirement fund series maturing June 30—Con.			
Treasury certificates of indebtedness—Con.			
4½% of 1971.....	\$142,474,000.00	-----	\$142,474,000.00
3½% of 1972.....	60,976,000.00	-----	60,976,000.00
3½% of 1972.....	532,981,000.00	-----	532,981,000.00
4½% of 1972.....	375,160,000.00	-----	375,160,000.00
2½% of 1973.....	251,705,000.00	—\$251,705,000.00	-----
3½% of 1973.....	60,976,000.00	-----	60,976,000.00
3½% of 1973.....	103,448,000.00	-----	103,448,000.00
4½% of 1973.....	552,988,000.00	-----	552,988,000.00
2½% of 1974.....	615,527,000.00	—46,549,000.00	-----
3½% of 1974.....	60,976,000.00	-----	60,976,000.00
3½% of 1974.....	80,227,000.00	-----	80,227,000.00
4½% of 1974.....	212,387,000.00	-----	212,387,000.00
2½% of 1975.....	615,527,000.00	-----	615,527,000.00
2½% of 1975.....	45,220,000.00	—45,220,000.00	-----
3½% of 1975.....	60,976,000.00	-----	60,976,000.00
3½% of 1975.....	80,227,000.00	-----	80,227,000.00
4½% of 1975.....	167,167,000.00	-----	167,167,000.00
2½% of 1976.....	685,440,000.00	—25,429,000.00	-----
3½% of 1976.....	60,976,000.00	-----	60,976,000.00
3½% of 1976.....	80,227,000.00	-----	80,227,000.00
4½% of 1976.....	142,474,000.00	-----	142,474,000.00
3½% of 1977.....	746,416,000.00	-----	746,416,000.00
3½% of 1977.....	80,227,000.00	-----	80,227,000.00
4½% of 1977.....	142,474,000.00	-----	142,474,000.00
3½% of 1978.....	826,643,000.00	-----	826,643,000.00
4½% of 1978.....	142,474,000.00	-----	142,474,000.00
4½% of 1979.....	969,117,000.00	-----	969,117,000.00
4½% of 1980.....	969,117,000.00	-----	969,117,000.00
Total special issues.....	14,536,763,000.00	610,396,000.00	15,147,159,000.00
Public issues:			
Treasury notes:			
4½%, series D-1967.....	-----	33,050,000.00	33,050,000.00
5%, series A-1970.....	-----	142,400,000.00	142,440,000.00
Treasury bonds:			
2½% of 1964-69 (Apr. 15, 1943).....	10,000,000.00	-----	10,000,000.00
2½% of 1964-69 (Sept. 15, 1943).....	16,400,000.00	-----	16,400,000.00
3½% of 1968.....	2,800,000.00	-----	2,800,000.00
3½% of 1968.....	11,400,000.00	-----	11,400,000.00
4% of 1969 (Aug. 15, 1962).....	10,000,000.00	-----	10,000,000.00
4% of 1969 (Oct. 1, 1957).....	59,400,000.00	-----	59,400,000.00
4% of 1970.....	46,000,000.00	-----	46,000,000.00
4% of 1972.....	25,000,000.00	-----	25,000,000.00
4% of 1973.....	12,000,000.00	-----	12,000,000.00
4½% of 1973.....	5,400,000.00	16,200,000.00	21,600,000.00
3½% of 1974.....	47,650,000.00	-----	47,650,000.00
4½% of 1974.....	51,400,000.00	2,000,000.00	53,400,000.00
4½% of 1974.....	72,160,000.00	52,000,000.00	124,160,000.00
4½% of 1975-85.....	49,605,000.00	3,500,000.00	53,105,000.00
3½% of 1978-83.....	5,600,000.00	6,200,000.00	11,800,000.00
3½% of 1980.....	15,700,000.00	-----	15,700,000.00
4% of 1980.....	102,394,000.00	-----	102,394,000.00
3½% of 1985.....	77,900,000.00	4,000,000.00	81,900,000.00
4½% of 1987-92.....	110,000,000.00	234,920,000.00	344,920,000.00
4½% of 1989-94.....	-----	5,750,000.00	5,750,000.00
3½% of 1990.....	85,600,000.00	1,000,000.00	86,600,000.00
3% of 1995.....	55,205,000.00	-----	55,205,000.00
3½% of 1998.....	83,269,000.00	-----	83,269,000.00
Total public issues.....	954,883,000.00	501,020,000.00	1,455,903,000.00
Total investments.....	15,491,646,000.00	1,111,416,000.00	16,603,062,000.00
Undisbursed balance.....	120,301,016.00	25,984,412.24	146,285,437.24
Total assets.....	15,611,947,016.00	1,137,400,421.24	16,749,347,437.24

¹ Basic compensation deductions have been at the rate of 6½ percent since the day before the first pay period which began after Sept. 30, 1956. Since 1958 District of Columbia and Government corporations' contributions have been included with contributions from agency salary funds.

² Beginning July 1, 1957, appropriations are not made directly to the fund. Instead, in accordance with the act approved July 31, 1956 (5 U.S.C. 2254(a)), the employing agency contributes (from appropriations or funds from which the salaries are paid) amounts equal to the deductions from employees' salaries.

³ The act of June 30, 1948, as amended (5 U.S.C. 2259 note), abolished the separate retirement fund for employees of the Office of the Comptroller of the Currency and directed transfer of its assets to the civil service retirement and disability fund. Amount comprises cash derived from sale of securities.

TABLE 67.—*District of Columbia teachers' retirement and annuity fund, June 30, 1966*

[This fund was established in accordance with the provisions of the act of Aug. 7, 1946 (31 D.C.C. 702, 707 772), as successor to the District of Columbia teachers' retirement fund established under the act of Jan. 15, 1920, as amended, effecting the consolidation of the deductions fund and the Government reserve fund as of July 1, 1945]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Deductions from salaries.....	\$31,415,246.32	\$2,279,304.62	\$33,694,550.94
Voluntary contributions.....	197,440.55		197,440.55
Interest and profits on investments.....	20,551,260.91	1,731,127.41	22,282,388.32
Appropriations from District of Columbia revenues.....	68,244,642.84	6,157,200.00	74,401,842.84
Total receipts.....	120,408,590.62	10,167,632.03	130,576,222.65
Expenditures:			
Annuities, refunds, etc.....	69,297,196.80	6,803,350.17	76,100,546.97
Balance.....	51,111,393.82	3,364,281.86	54,475,675.68

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Public issues:			
Treasury bonds:			
2½% of 1965-70.....	\$1,000,000.00		\$1,000,000.00
2½% of 1966-71.....	1,000,000.00		1,000,000.00
2½% of 1967-72 (dated June 1, 1945).....	1,247,500.00		1,247,500.00
3½% of 1968.....	1,056,500.00		1,056,500.00
3½% of 1971.....	3,256,000.00		3,256,000.00
4½% of 1973.....	475,000.00	\$3,354,000.00	3,829,000.00
3½% of 1974.....	2,388,500.00		2,388,500.00
4½% of 1974.....	2,650,000.00		2,650,000.00
4½% of 1975-85.....	1,363,000.00		1,363,000.00
3½% of 1978-83.....	1,777,500.00		1,777,500.00
4% of 1980.....	956,500.00		956,500.00
3½% of 1985.....	1,077,500.00		1,077,500.00
4½% of 1987-92.....	3,932,500.00	251,500.00	4,184,000.00
4% of 1988-93.....	1,000,000.00		1,000,000.00
4½% of 1989-94.....	2,531,500.00		2,531,500.00
3½% of 1990.....	3,000,000.00		3,000,000.00
3% of 1995.....	3,599,500.00		3,599,500.00
3½% of 1998.....	4,100,000.00		4,100,000.00
2½% Investment Series A-1965.....	250,000.00	-250,000.00	
2½% Investment Series B-1975-80.....	14,325,000.00		14,325,000.00
Total investments.....	50,986,500.00	3,355,500.00	54,342,000.00
Undisbursed balance.....	124,893.82	8,781.86	133,675.68
Total assets.....	51,111,393.82	3,364,281.86	54,475,675.68

TABLE 68.—*Employees health benefits fund, Civil Service Commission, June 30, 1966*

[On basis of reports from the Civil Service Commission. This trust revolving fund was established in accordance with the provisions of the act of Sept. 28, 1959, as amended (5 U.S.C. 3007)]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Direct appropriations.....	\$33,876,000.00	\$16,180,000.00	\$50,056,000.00
Employees' and annuitants' withholdings.....	1,199,496,149.37	362,406,737.28	1,561,902,886.65
Agency contributions.....	634,803,757.88	140,342,182.52	775,145,940.40
Interest and profits on investments.....	4,849,420.58	2,907,473.30	7,756,893.88
Total receipts.....	1,873,025,327.83	521,836,393.10	2,394,861,720.93
Expenditures:			
Subscription charges paid to carriers.....	1,788,154,394.60	496,167,054.96	2,284,321,449.56
Contingency reserve paid to carriers.....	10,580,506.39	26,133,679.49	36,714,185.88
Carrier refunds.....	— 253,289.40	—	— 253,289.40
Administrative expenses.....	5,785,546.32	934,899.76	6,720,446.08
Interest on administrative expenses paid by employees' life insurance fund ¹	43,625.79	—	43,625.79
Other ²	— 1,529,314.18	— 70,975.94	— 1,600,290.12
Total expenditures.....	1,802,781,469.52	523,164,658.27	2,325,946,127.79
Balance.....	70,243,858.31	— 1,328,265.17	68,915,593.14

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Public issues:			
Treasury bills.....	\$1,415,000.00	— \$1,415,000.00	—
Treasury notes:			
4%, Series D-1966.....	763,000.00	— 763,000.00	—
4%, Series A-1966.....	599,000.00	—	\$599,000.00
3½%, Series B-1967.....	9,729,000.00	— 6,000,000.00	3,729,000.00
Treasury bonds:			
2½% of 1964-69 (dated Apr. 15, 1943).....	875,000.00	—	875,000.00
3½% of 1968.....	1,000,000.00	—	1,000,000.00
3½% of 1968.....	1,298,000.00	—	1,298,000.00
4% of 1969 (dated Oct. 1, 1957).....	1,000,000.00	—	1,000,000.00
3½% of 1971.....	5,804,000.00	—	5,804,000.00
4% of 1971.....	3,732,000.00	—	3,732,000.00
4% of 1972 (dated Sept. 15, 1962).....	4,410,500.00	—	4,410,500.00
4% of 1972 (dated Nov. 15, 1962).....	1,796,000.00	—	3,792,500.00
4% of 1973.....	2,016,500.00	1,425,000.00	3,441,500.00
4½% of 1973.....	1,796,000.00	450,000.00	2,246,000.00
3½% of 1974.....	3,785,500.00	—	3,785,500.00
4½% of 1974.....	9,923,500.00	—	9,923,500.00
4½% of 1974.....	—	1,481,500.00	1,481,500.00
3½% of 1978-83.....	190,000.00	—	190,000.00
3½% of 1980.....	738,000.00	—	738,000.00
4½% of 1987-92.....	3,000,000.00	—	3,000,000.00
3½% of 1990.....	2,130,500.00	—	2,130,500.00
3½% of 1996.....	3,950,000.00	—	3,950,000.00
Total investments.....	61,948,000.00	— 4,821,500.00	57,126,500.00
Undisbursed balance.....	8,295,858.31	3,493,234.83	11,789,093.14
Total assets.....	70,243,858.31	— 1,328,265.17	68,915,593.14

¹ As provided in the act (5 U.S.C. 3008(a)).

² Difference between cost and face value of investments.

TABLE 69.—*Retired employees health benefits fund, Civil Service Commission, June 30, 1966*

[On basis of reports from the Civil Service Commission. This trust revolving fund was established in accordance with the provisions of the act of Sept. 8, 1960 (5 U.S.C. 3057)]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Direct appropriations (Government contribution)	\$58,225,000.00	\$13,040,000.00	\$71,265,000.00
Annuity withholdings	51,696,327.15	12,524,035.98	64,220,363.13
Interest and profits on investments	12,736.26	4,000.00	16,736.26
Total receipts	109,934,063.41	25,568,035.98	135,502,099.39
Expenditures:			
Subscription charges paid to carrier	80,552,011.33	19,596,871.87	100,148,883.20
Government contributions paid to annuitants ¹	25,580,194.93	6,160,333.60	31,740,528.53
Administrative expenses	1,536,664.29	301,850.22	1,838,514.51
Interest on loans	6,409.00	-----	6,409.00
Other ²	-495,361.43	-238,232.09	-733,593.52
Total expenditures	107,179,918.12	25,820,823.60	133,000,741.72
Balance	2,754,145.29	-252,787.62	2,501,357.67

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (-)	June 30, 1966
Investments in public debt securities:			
Public issues:			
Treasury bills	\$1,225,000.00	-\$191,000.00	\$1,034,000.00
Treasury bonds, 4% of 1969	100,000.00	-----	100,000.00
Total investments	1,325,000.00	-191,000.00	1,134,000.00
Undisbursed balance	1,429,145.29	-61,787.62	1,367,357.67
Total assets	2,754,145.29	-252,787.62	2,501,357.67

¹ In accordance with 5 U.S.C. 3055(a), subject to specified restrictions, a retired employee who elects to obtain or retain a health benefits plan other than the uniform Government-wide health benefits plan directly with a carrier, shall be paid a Government contribution toward the cost of his plan which shall be equal in amount to the appropriate Government contribution.

² Difference between cost and face value of investments.

TABLE 70.—*Employees' life insurance fund, Civil Service Commission, June 30, 1966*

[On basis of reports from the Civil Service Commission. This trust revolving fund was established in accordance with the provisions of the act of Aug. 17, 1954, as amended (5 U.S.C. 2091(c))]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Employees' withholdings.....	\$907, 145, 201.37	\$115, 821, 224.01	\$1, 022, 966, 425.38
Government contributions.....	453, 574, 576.98	57, 932, 937.06	511, 507, 514.04
Premiums collected from beneficial association members.....	26, 436, 327.71	3, 015, 227.83	29, 451, 555.54
Interest and profits on investments.....	53, 057, 335.66	14, 756, 953.36	67, 814, 289.02
Other.....	3, 666.09	—	3, 666.09
Assets acquired from beneficial associations:			
U.S. securities.....	13, 958, 336.40	—	13, 958, 336.40
Other.....	8, 010, 002.35	58, 784.98	8, 068, 787.33
Total receipts.....	1, 462, 185, 446.56	191, 585, 127.24	1, 653, 770, 573.80
Expenditures:			
Premiums paid to insurance companies:			
For Federal employees generally.....	1, 336, 138, 209.48	170, 583, 175.77	1, 506, 721, 385.25
Less return of premiums paid ¹	280, 112, 569.33	—	280, 112, 569.33
For beneficial association members.....	42, 873, 681.08	5, 968, 961.25	48, 842, 642.33
Less return of premiums paid ²	5, 642, 275.84	1, 470, 055.40	7, 112, 331.24
Administrative expenses.....	2, 203, 566.59	234, 866.80	2, 438, 433.39
Other ³	-15, 790, 045.07	-1, 063, 964.65	-16, 854, 009.72
Total expenditures.....	1, 079, 769, 966.91	174, 246, 983.77	1, 254, 016, 950.68
Balance.....	382, 415, 479.65	17, 338, 143.47	399, 753, 623.12

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Public issues:			
Treasury bills.....	\$3, 000, 000.00	—\$1, 367, 000.00	\$1, 633, 000.00
Treasury bonds:			
2½% of 1962-67.....	1, 015, 000.00	—	1, 015, 000.00
2½% of 1963-68.....	3, 000, 000.00	—	3, 000, 000.00
2½% of 1964-69 (dated April 15, 1943).....	5, 500, 000.00	—	5, 500, 000.00
2½% of 1964-69 (dated Sept. 15, 1943).....	5, 000, 000.00	—	5, 000, 000.00
2½% of 1966-71.....	3, 864, 500.00	—	3, 864, 500.00
3½% of 1968.....	22, 105, 000.00	—	22, 105, 000.00
3½% of 1968.....	1, 500, 000.00	—	1, 500, 000.00
4% of 1969.....	15, 330, 000.00	—	15, 330, 000.00
3½% of 1971.....	2, 806, 500.00	—	2, 806, 500.00
4% of 1971.....	15, 000, 000.00	—	15, 000, 000.00
4% of 1972 (dated Sept. 15, 1962).....	10, 000, 000.00	—	10, 000, 000.00
4% of 1972 (dated Nov. 15, 1962).....	5, 783, 000.00	—	5, 783, 000.00
4½% of 1973.....	4, 000, 000.00	4, 650, 000.00	8, 650, 000.00
4½% of 1974.....	15, 000, 000.00	—	15, 000, 000.00
4½% of 1974.....	15, 838, 000.00	2, 417, 000.00	18, 255, 000.00
3½% of 1974.....	20, 220, 000.00	—	20, 220, 000.00
4½% of 1975-85.....	27, 109, 000.00	4, 676, 000.00	31, 785, 000.00
3½% of 1978-83.....	9, 552, 500.00	1, 480, 500.00	11, 033, 000.00
3½% of 1980.....	11, 272, 500.00	3, 034, 000.00	14, 306, 500.00
4% of 1980.....	39, 942, 500.00	—	39, 942, 500.00
3½% of 1985.....	8, 486, 500.00	—	8, 486, 500.00
4½% of 1987-92.....	40, 348, 500.00	—	40, 348, 500.00
4% of 1988-93.....	15, 197, 000.00	—	15, 197, 000.00
4½% of 1989-94.....	25, 102, 500.00	—	25, 102, 500.00
3½% of 1990.....	31, 276, 000.00	—	31, 276, 000.00
3% of 1995.....	135, 500.00	—	135, 500.00
3½% of 1998.....	21, 358, 500.00	—	21, 358, 500.00
2½% Investment Series B-1975-80.....	179, 000.00	—	179, 000.00
U.S. savings bonds:			
Series J (2.76%).....	586, 900.00	—	586, 900.00
Series K (2.76%).....	15, 000.00	—	15, 000.00
Total investments.....	379, 523, 900.00	14, 890, 500.00	394, 414, 400.00
Undisbursed balance.....	2, 891, 579.65	2, 447, 643.47	5, 339, 223.12
Total assets.....	382, 415, 479.65	17, 338, 143.47	399, 753, 623.12

¹ Premium payments in excess of the \$100 million contingency reserve set by the Civil Service Commission, which are required to be returned to the fund by the insuring companies (5 U.S.C. 2097(d)).² Return of premium payments in excess of annual claims paid, expenses, and other costs.³ Difference between cost and face value of investments.

TABLE 71.—*Federal disability insurance trust fund, June 30, 1966*

[This trust fund was established in accordance with the provisions of the Social Security Act amendments approved Aug. 1, 1956 (42 U.S.C. 401(b))]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Appropriations ¹	\$8,071,374,175.48	\$1,457,892,986.07	\$9,529,267,161.55
Less refund of internal revenue collec- tions.....	-78,877,000.00	-15,595,625.00	-94,472,625.00
Deposits by States.....	591,073,234.69	114,354,574.56	705,427,809.25
Interest and profits on investments.....	432,848,692.58	59,547,093.50	492,395,786.08
Payments from railroad retirement account.....	26,831,000.00	-----	26,831,000.00
Other (HEW).....	16,970.23	26,459.56	43,429.79
Total receipts.....	9,043,267,072.98	1,616,225,488.69	10,659,492,561.67
Expenditures:			
Benefit payments.....	6,565,401,463.00	1,721,133,198.90	8,286,534,661.90
To railroad retirement account.....	78,541,000.00	24,962,000.00	103,503,000.00
Administrative expenses:			
To general fund.....	29,255,213.60	4,602,561.09	33,857,774.69
Vocational Rehabilitation—Administra- tive Expenses.....	-----	115,000.00	115,000.00
Vocational rehabilitation program pay- ment.....	-----	1,493,049.00	1,493,049.00
To Federal old-age and survivors insur- ance trust fund.....	363,370,275.00	² 184,458,163.00	547,828,438.00
Total expenditures.....	7,036,567,951.60	1,936,763,971.99	8,973,331,923.59
Balance.....	2,006,699,121.38	-320,538,483.30	1,686,160,638.08

TABLE 71.—Federal disability insurance trust fund, June 30, 1966—Continued

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, Federal disability insurance trust fund series maturing June 30:			
Treasury notes:			
4½% of 1971.....		\$158,195,000.00	\$158,195,000.00
Treasury bonds:			
2½% of 1970.....	\$33,732,000.00	—33,732,000.00	
3½% of 1970.....	20,738,000.00	—20,738,000.00	
2½% of 1971.....	132,894,000.00	—132,894,000.00	
3½% of 1971.....	20,738,000.00	—20,738,000.00	
2½% of 1972.....	132,894,000.00	—132,894,000.00	
3½% of 1972.....	20,738,000.00	—20,738,000.00	
2½% of 1973.....	132,894,000.00	—132,894,000.00	
3½% of 1973.....	20,738,000.00	—20,738,000.00	
2½% of 1974.....	132,894,000.00	—55,888,000.00	77,006,000.00
3½% of 1974.....	20,738,000.00		20,738,000.00
2½% of 1975.....	132,894,000.00		132,894,000.00
3½% of 1975.....	20,738,000.00		20,738,000.00
3½% of 1976.....	153,632,000.00		153,632,000.00
3½% of 1977.....	153,632,000.00		153,632,000.00
3½% of 1978.....	153,632,000.00		153,632,000.00
4½% of 1979.....	153,632,000.00		153,632,000.00
4½% of 1980.....	125,606,000.00		125,606,000.00
Total special issues.....	1,562,764,000.00	—413,059,000.00	1,149,705,000.00
Public issues:			
Treasury bonds:			
3½% of 1968 (dated June 23, 1960).....	3,750,000.00		3,750,000.00
3½% of 1968 (dated Sept. 15, 1963).....	5,000,000.00		5,000,000.00
3½% of 1968.....	5,000,000.00		5,000,000.00
4% of 1969 (dated Aug. 15, 1962).....	10,000,000.00	—10,000,000.00	
4% of 1969 (dated Oct. 1, 1957).....	26,000,000.00		26,000,000.00
4% of 1970.....	14,000,000.00	10,000,000.00	24,000,000.00
4% of 1972 (dated Nov. 15, 1962).....	2,000,000.00		2,000,000.00
4% of 1972 (dated Sept. 15, 1962).....	2,000,000.00		2,000,000.00
4% of 1973.....	16,500,000.00		16,500,000.00
3½% of 1974.....	5,000,000.00		5,000,000.00
4½% of 1974.....	10,000,000.00		10,000,000.00
4½% of 1975-85.....	20,795,000.00		20,795,000.00
4% of 1980.....	30,250,000.00		30,250,000.00
4½% of 1987-92.....	80,800,000.00		80,800,000.00
4½% of 1989-94.....	68,400,000.00		68,400,000.00
3½% of 1990.....	10,500,000.00		10,500,000.00
3½% of 1998.....	5,000,000.00		5,000,000.00
Total public issues.....	314,995,000.00		314,995,000.00
Total investments—par value.....	1,877,759,000.00	—413,059,000.00	1,464,700,000.00
Unamortized discount and premium on investments (net).....	—2,200,411.45	128,901.16	—2,071,510.29
Accrued interest purchased.....	7,608.70	—7,608.70	
Total investments.....	1,875,566,197.25	—412,937,707.54	1,462,628,489.71
Undisbursed balance ³	131,132,924.13	92,399,224.24	223,532,148.37
Total assets.....	2,006,699,121.38	—320,538,483.30	1,686,160,638.08

¹ Appropriations are equal to the amount of employment taxes collected as estimated by the Secretary of the Treasury and adjusted in accordance with wage reports certified by the Secretary of Health, Education, and Welfare for distribution to this fund, the Federal old-age and survivors insurance trust fund and the Federal hospital insurance trust fund.

² Reimbursement covering the fiscal year 1965, principal \$85,935,593.00 and interest \$3,581,400.00; reimbursement covering the fiscal year 1966, principal \$92,852,000.00 and interest \$2,089,170.00.

³ Includes the following balances in accounts as of June 30:

	1965	1966
Benefit payments.....	\$131,132,924.13	\$223,529,197.37
Vocational rehabilitation program payments.....		2,951.00

TABLE 72.—Federal hospital insurance trust fund, June 30, 1966

[This trust fund was established in accordance with the provisions of the Social Security Act amendments approved July 30, 1965 (42 U.S.C. 1395(i))]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Appropriations ¹		\$862,000,000.00	\$862,000,000.00
Less refund of internal revenue collec- tions.....			
Deposits by States.....		46,796,913.88	46,796,913.88
Interest and profits on investments.....		6,898,007.15	6,898,007.15
Total receipts.....		915,694,921.03	915,694,921.03
Expenditures:			
Administrative expenses:			
To general fund.....		1,706,531.62	1,706,531.62
To Federal old-age and survivors in- surance trust fund.....		² 62,784,855.00	62,784,855.00
Total expenditures.....		64,491,386.62	64,491,386.62
Balance.....		851,203,534.41	851,203,534.41

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, Federal hospital insurance trust fund series maturing June 30:			
Certificates of indebtedness:			
4½% of 1967.....		\$52,383,000.00	\$52,383,000.00
Treasury notes:			
4½% of 1968.....		52,383,000.00	52,383,000.00
4½% of 1969.....		52,383,000.00	52,383,000.00
4½% of 1970.....		52,383,000.00	52,383,000.00
4½% of 1971.....		576,226,000.00	576,226,000.00
Total investments, special issues.....		785,758,000.00	785,758,000.00
Undisbursed balance.....		65,445,534.41	65,445,534.41
Total assets.....		851,203,534.41	851,203,534.41

¹ Appropriations are equal to the amount of employment taxes collected as estimated by the Secretary of the Treasury and adjusted in accordance with wage reports certified by the Secretary of Health, Education, and Welfare for distribution to this fund, the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund.

² Reimbursement including \$927,855 interest.

TABLE 73.—*Federal old-age and survivors insurance trust fund, June 30, 1966*

[This trust fund, the successor of the old-age reserve account, was established in accordance with the provisions of the Social Security Act Amendments (42 U.S.C. 401). For further details see annual reports of the Secretary for 1940, p. 212 and 1950, p. 42]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Appropriations ¹	\$134,491,855,022.78	\$16,685,595,031.03	\$151,177,450,053.81
Less refund of internal revenue collections.....	-1,152,220,500.00	-212,079,375.00	-1,364,299,875.00
Deposits by States.....	7,372,568,228.30	1,392,431,084.00	8,764,999,312.30
Interest and profits on investments.....	8,763,186,276.11	588,159,101.29	9,351,345,377.40
Transfers from general fund ²	15,386,400.00	-----	15,386,400.00
Payments from railroad retirement account.....	35,393,000.00	-----	35,393,000.00
Other ³	14,016,952.52	6,689,731.28	20,706,683.80
Total receipts.....	149,540,185,379.71	18,460,795,572.60	168,000,980,952.31
Expenditures:			
Benefit payments.....	123,653,189,252.89	18,071,453,201.74	141,724,642,454.63
Construction of buildings.....	35,655,206.82	1,526,215.29	37,181,422.11
To railroad retirement account.....	2,678,197,000.00	443,820,000.00	3,122,017,000.00
Administrative expenses:			
Salaries and expenses ⁴	2,558,932,719.42	443,038,048.05	3,001,970,767.47
To general fund.....	756,461,420.05	44,087,257.70	800,548,677.75
To Department of Health, Education, and Welfare.....	28,066,625.00	5,764,725.00	33,831,350.00
From Federal disability insurance trust fund.....	-350,801,777.00	-178,787,593.00	-529,589,370.00
From Federal hospital insurance trust fund.....	-----	-61,857,000.00	-61,857,000.00
Total expenditures.....	129,359,700,447.18	18,769,044,854.78	148,128,745,301.96
Balance.....	20,180,484,932.53	-308,249,282.18	19,872,235,650.35

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, Federal old-age and survivors insurance trust fund series maturing June 30:			
Certificates of indebtedness:			
4½% of 1966.....	\$141,020,000.00	-\$141,020,000.00	-----
Treasury notes:			
4½% of 1967.....	1,032,019,000.00	-1,032,019,000.00	-----
4½% of 1968.....	-----	363,207,000.00	\$363,207,000.00
4½% of 1969.....	-----	1,080,011,000.00	1,080,011,000.00
4½% of 1970.....	-----	296,526,000.00	296,526,000.00
4½% of 1971.....	-----	1,080,011,000.00	1,080,011,000.00
Treasury bonds:			
2½% of 1967.....	47,992,000.00	-47,992,000.00	-----
2½% of 1968.....	412,011,000.00	-412,011,000.00	-----
2½% of 1968.....	668,000,000.00	-668,000,000.00	-----
2½% of 1969.....	1,080,011,000.00	-1,080,011,000.00	-----
2½% of 1970.....	1,080,011,000.00	-296,526,000.00	783,485,000.00
2½% of 1971.....	1,080,011,000.00	-----	1,080,011,000.00
2½% of 1972.....	1,080,011,000.00	-----	1,080,011,000.00
2½% of 1973.....	1,080,011,000.00	-----	1,080,011,000.00
2½% of 1974.....	1,080,011,000.00	-----	1,080,011,000.00
2½% of 1975.....	919,934,000.00	-----	919,934,000.00
3¼% of 1975.....	160,077,000.00	-----	160,077,000.00
3¼% of 1976.....	1,080,011,000.00	-----	1,080,011,000.00
3½% of 1977.....	1,080,011,000.00	-----	1,080,011,000.00
3½% of 1978.....	658,444,000.00	-----	658,444,000.00
4½% of 1978.....	421,567,000.00	-----	421,567,000.00
4½% of 1979.....	1,080,011,000.00	-----	1,080,011,000.00
4½% of 1980.....	1,080,011,000.00	-----	1,080,011,000.00
Total special issues.....	15,261,174,000.00	-857,824,000.00	14,403,350,000.00

Footnotes at end of table.

TABLE 73.—Federal old-age and survivors insurance trust fund, June 30, 1966—Con.

II. ASSETS HELD BY THE TREASURY DEPARTMENT—Con.

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities—Con.			
Public issues:			
Treasury bonds:			
2½% of 1964-69 (dated Apr. 15, 1943).....	\$22,180,000.00		\$22,180,000.00
2½% of 1964-69 (dated Sept. 15, 1943).....	33,000,000.00		33,000,000.00
2½% of 1967-72 (dated Oct. 20, 1941).....	250.00		250.00
3½% of 1968.....	7,000,000.00		7,000,000.00
3½% of 1968.....	17,450,000.00		17,450,000.00
4% of 1969 (dated Aug. 15, 1962).....	5,000,000.00		5,000,000.00
4% of 1969 (dated Oct. 1, 1957).....	57,500,000.00		57,500,000.00
4% of 1970.....	15,000,000.00		15,000,000.00
4% of 1971.....	100,000,000.00		100,000,000.00
4% of 1973.....	38,000,000.00		38,000,000.00
3½% of 1974.....	24,500,000.00		24,500,000.00
4½% of 1974.....	61,934,000.00		61,934,000.00
4½% of 1974.....	6,352,000.00		6,352,000.00
4½% of 1975-85.....	78,023,000.00		78,023,000.00
3½% of 1978-83.....	60,200,000.00		60,200,000.00
4% of 1980.....	153,100,000.00		153,100,000.00
3½% of 1980.....	449,450,000.00		449,450,000.00
3½% of 1985.....	25,700,000.00		25,700,000.00
4½% of 1987-92.....	33,000,000.00		33,000,000.00
4½% of 1989-94.....	91,300,000.00		91,300,000.00
3½% of 1990.....	556,250,000.00		556,250,000.00
3% of 1995.....	70,170,000.00		70,170,000.00
3½% of 1998.....	552,037,000.00		552,037,000.00
2½% Investment Series B-1975-80.....	1,064,902,000.00		1,064,902,000.00
Total public issues.....	3,522,048,250.00		3,522,048,250.00
Total investments, par value.....	18,783,222,250.00	—\$857,824,000.00	17,925,398,250.00
Unamortized premium and discount (net).....	—17,513,721.20	770,850.08	—16,742,871.12
Accrued interest purchased.....	15,756.96	—15,756.96	
Total investments.....	18,765,724,285.76	—857,068,906.88	17,908,655,378.88
Undisbursed balance ¹	1,414,760,646.77	548,819,624.70	1,963,580,271.47
Total assets.....	20,180,484,932.53	—308,249,282.18	19,872,235,650.35

¹ Appropriations are equal to the amount of employment taxes collected as estimated by the Secretary of the Treasury and adjusted in accordance with wage reports certified by the Secretary of Health, Education, and Welfare for distribution to this fund, the Federal disability insurance trust fund and the Federal hospital insurance trust fund.

² In connection with payments of benefits to survivors of certain World War II veterans who died within 3 years after separation from active service.

³ Incidental recoveries, and, beginning with the fiscal year 1958, includes reimbursement of interest in the amount of \$14,657,668 transferred from the Federal disability insurance trust fund and beginning with the fiscal year 1966, \$927,855 from the Federal hospital insurance trust fund.

⁴ Paid directly from the trust fund beginning with the fiscal year 1947 under annual appropriation acts.

⁵ Includes the following balances in accounts as of June 30:

	1965	1966
Benefit payments.....	\$1,413,151,272.04	\$1,956,498,224.24
Salaries and expenses.....	1,178,240.37	6,257,253.41
Construction of buildings.....	431,134.36	824,793.82

TABLE 74.—*Foreign service retirement and disability fund, June 30, 1966*

[This trust fund was established in accordance with the provisions of the act of May 24, 1924, and the act of Aug. 13, 1946 (22 U.S.C. 1062). For further details, see annual report of the Secretary for 1941, p. 138]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Deductions from salaries, service credit payments, and voluntary contributions of employees subject to retirement act.....	\$43,637,961.32	\$4,126,807.54	\$47,764,768.86
Appropriations ¹	25,815,900.00		25,815,900.00
Payments by employing agency ¹	12,983,693.35	4,013,039.26	16,996,732.61
Receipts from civil service retirement and disability fund.....	4,353,121.71	933,716.21	5,286,837.92
Adjustments in widow survivor benefits.....		15,675.00	15,675.00
Interest and profits on investments.....	19,773,099.72	1,630,014.23	21,403,113.95
Total receipts.....	106,563,776.10	10,719,252.24	117,283,028.34
Expenditures:			
Annuity payments and refunds.....	65,430,171.24	9,362,532.50	74,792,703.74
Balance.....	41,133,604.86	1,356,719.74	42,490,324.60

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, Treasury certificates of indebtedness, foreign service retirement fund series maturing June 30:			
3% of 1966.....	\$1,126,000.00	—\$1,126,000.00	
4% of 1966.....	39,318,000.00	—39,318,000.00	
3% of 1967.....		1,125,000.00	\$1,125,000.00
4% of 1967.....		40,463,000.00	40,463,000.00
Total.....	40,444,000.00	1,144,000.00	41,588,000.00
Undisbursed balance.....	689,604.86	212,719.74	902,324.60
Total assets.....	41,133,604.86	1,356,719.74	42,490,324.60

¹ Beginning July 1, 1961, appropriations are not made directly to the fund. Instead, in accordance with the act approved Sept. 8, 1960 (22 U.S.C. 1071(a)), the employing agency contributes (from appropriations or funds from which the salaries are paid) amounts equal to the deductions from employee's salaries.

TABLE 75.—*Highway trust fund, June 30, 1966*

[This trust fund was established in accordance with the provisions of section 209(a) of the Highway Revenue Act of 1956 (23 U.S.C. 120 note)]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Excise taxes: ¹			
Gasoline ²	\$19,347,421,654.53	\$2,830,443,289.92	\$22,177,864,944.45
Diesel and special motor fuels.....	789,744,008.59	163,565,795.27	953,309,803.86
Tires ²	2,271,617,557.72	442,154,291.32	2,713,771,849.04
Tread rubber ²	160,726,354.09	24,283,699.86	185,010,053.95
Trucks, buses, and trailers ²	1,699,652,600.34	441,968,806.75	2,141,621,407.09
Truck use.....	559,259,611.04	101,983,249.79	661,242,860.83
Inner tubes ²	147,780,004.78	30,175,548.96	177,955,553.74
Other tires.....	272,718,179.33	-----	272,718,179.33
Parts and accessories for trucks, buses, etc.....	-----	7,000,000.00	7,000,000.00
Lubricating oils.....	-----	23,000,000.00	23,000,000.00
Total taxes.....	25,248,919,970.42	4,064,574,681.87	29,313,494,652.29
Transfers to land and water conserva- tion fund.....	4,400,000.00	28,000,000.00	32,400,000.00
Gross taxes.....	25,244,519,970.42	4,036,574,681.87	29,281,094,652.29
Deduct—Reimbursement to general fund—refund of tax receipts:			
Gasoline used on farms.....	748,061,071.20	98,051,634.89	846,112,706.09
Gasoline for nonhighway purposes or local transit systems.....	175,434,248.72	21,720,105.02	197,154,353.74
Gasoline, other.....	102,984.96	22.88	103,007.84
Tires and tread rubber.....	97,416.90	-----	97,416.90
Trucks, buses, and trailers.....	66,650.55	-----	66,650.55
Total refunds of taxes.....	923,762,372.33	119,771,762.79	1,043,534,135.12
Net taxes.....	24,320,757,598.09	3,916,802,919.08	28,237,560,517.17
Interest on investment.....	90,672,835.80	7,983,464.85	98,656,300.65
Advances from general fund.....	419,000,000.00	70,000,000.00	489,000,000.00
Less return of advances to general fund.....	-419,000,000.00	-70,000,000.00	-489,000,000.00
Net receipts.....	24,411,430,433.89	3,924,786,383.93	28,336,216,817.82
Expenditures:			
Highway program:			
Reimbursement to general fund.....	501,018,553.13	-----	501,018,553.13
Federal Aid Highway Act of 1956.....	23,617,455,154.11	3,965,399,479.45	27,582,854,633.56
Pentagon road network.....	2,120,827.51	31,273.01	2,152,100.52
Total highway program.....	24,120,594,534.75	3,965,430,752.46	28,086,025,287.21
Services of Department of Labor (ad- ministration and enforcement of labor standards).....	368,225.00	-----	368,225.00
Interest on advances from general fund.....	5,610,162.02	678,319.42	6,288,481.44
Total expenditures.....	24,126,572,921.77	3,966,109,071.88	28,092,681,993.65
Balance.....	284,867,512.12	-41,322,687.95	243,534,824.17

Footnotes at end of table.

TABLE 75.—*Highway trust fund, June 30, 1966—Continued*

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, Treasury certificates of indebtedness, highway trust fund series, maturing June 30:			
33½% of 1966.....	\$265,394,000.00	—\$265,394,000.00	-----
4½% of 1967.....		237,763,000.00	\$237,763,000.00
Total investments.....	265,394,000.00	—27,631,000.00	237,763,000.00
Undisbursed balances.....	19,463,512.12	—13,691,687.95	5,771,824.17
Total assets.....	284,857,512.12	—41,322,687.95	243,534,824.17

¹ Amounts equivalent to specified percentages of receipts from certain taxes on motor fuels, vehicles, tires and tubes, and use of certain vehicles are appropriated and transferred monthly from general fund receipts to the trust fund on the basis of estimates by the Secretary of the Treasury, with proper adjustments to be made in subsequent transfers as required by section 209(c) of the Highway Revenue Act of 1956, as amended (23 U.S.C. 120 note). See also the annual report to Congress on the financial condition and fiscal operations of the highway trust fund.

² Includes floor stocks taxes.

TABLE 76.—*Judicial survivors annuity fund, June 30, 1966*

[This fund was established in accordance with the provisions of the act of Aug. 3, 1956 (28 U.S.C. 376(b))]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Deductions from salaries and contributions.....	\$5,538,591.62	\$827,283.38	\$6,365,875.00
Interest and profits on investments.....	433,780.06	107,508.20	541,288.26
Total receipts.....	5,972,371.68	934,791.58	6,907,163.26
Expenditures:			
Annuity payments, refunds, etc.....	3,301,005.63	493,914.36	3,794,919.99
Balance.....	2,671,366.05	440,877.22	3,112,243.27

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Public issues:			
Treasury bonds:			
3½% of 1968.....	\$195,000.00	-----	\$195,000.00
4% of 1969.....	40,500.00	-----	40,500.00
4% of 1971.....	240,000.00	-----	240,000.00
4% of 1972 (dated Sept. 15, 1962).....	150,000.00	-----	150,000.00
4½% of 1973.....	70,000.00	-----	70,000.00
3½% of 1974.....	169,000.00	-----	169,000.00
4½% of 1974.....	122,000.00	-----	122,000.00
4½% of 1975-85.....	293,000.00	\$244,500.00	537,500.00
3½% of 1978-83.....	93,500.00	-----	93,500.00
3½% of 1980.....	-----	199,500.00	199,500.00
4% of 1980.....	500,500.00	-----	500,500.00
4½% of 1987-92.....	274,000.00	-----	274,000.00
4½% of 1989-94.....	167,000.00	-----	167,000.00
3½% of 1990.....	188,500.00	-----	188,500.00
3% of 1995.....	51,000.00	-----	51,000.00
3½% of 1998.....	113,500.00	-----	113,500.00
Total investments.....	2,667,500.00	444,000.00	3,111,500.00
Undisbursed balance.....	3,866.05	—3,122.78	743.27
Total assets.....	2,671,366.05	440,877.22	3,112,243.27

TABLE 77.—*Library of Congress trust funds, June 30, 1966*

(Established in accordance with provisions of the act of Mar. 3, 1925, as amended (2 U.S.C. 154-161). For further details see 1941 annual report, p. 149)

Name of donor:	Permanent loan account						Income from donated securities, etc.		
	Funds on deposit with Treasurer of the United States			Interest at 4 percent paid by U.S. Treasury					
	June 30, 1965	Fiscal year 1966	June 30, 1966	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Babine, Alexis V.....	\$6,684.74		\$6,684.74	\$7,481.56	\$237.39	\$7,748.95	\$1,785.58		\$1,785.58
Benjamin, William E.....	83,083.31		83,083.31	59,605.25	3,323.34	62,928.59	49,744.50		49,744.50
Bowker, Richard R.....	14,843.15		14,843.15	7,045.18	593.72	7,638.90	8,024.80		8,024.80
Carnegie Corporation of New York.....	93,307.98		93,307.98	101,901.14	3,732.32	105,633.46	37,838.36		37,838.36
Coolidge, Elizabeth S.....	804,444.26		804,444.26	397,506.91	32,177.78	429,684.69	131,904.76		131,904.76
Elson, Louis C., memorial fund.....	12,585.03		12,585.03	10,140.31	503.40	10,643.71			
Friends of Music in the Library of Congress.....	8,009.09	\$1,000.00	9,009.09	4,904.91	340.47	5,245.38	318.22		318.22
Guggenheim, Daniel.....	90,654.22		90,654.22	97,548.26	3,626.16	101,174.42	32,759.36		32,759.36
Hanks, Nymphus Corridon.....	5,227.31		5,227.31	1,974.96	209.10	2,184.06			
Huntington, Archer M.....	260,577.66		260,577.66	194,085.79	10,423.10	204,508.89	416,295.71	\$18,283.16	434,578.87
Koussevitzky Music Foundation, Inc.....	208,099.41		208,099.41	95,941.29	8,323.98	104,265.27			
Longworth, Nicholas, Foundation.....	9,691.59	1,000.00	10,691.59	9,826.96	425.92	10,252.88	757.02		757.02
Miller, Dayton C.....	20,548.18		20,548.18	16,831.13	821.92	17,653.05	412.50		412.50
National Library for the Blind, Inc.....	36,015.00		36,015.00	18,261.87	1,440.60	19,702.47			
Pennell, Joseph.....	303,250.46		303,250.46	292,269.44	12,130.02	304,399.46	85,487.80		85,487.80
Porter, Henry K., memorial fund.....	290,500.00		290,500.00	219,668.04	11,620.00	231,288.04	25,369.03		25,369.03
Roberts fund.....	62,703.75		62,703.75	35,556.61	2,508.16	38,064.77			
Sonneck memorial fund.....	12,088.13		12,088.13	13,004.70	483.52	13,488.22	4,429.73		4,429.73
Stern memorial fund.....	16,452.64	11,095.94	27,548.58	1,148.87	887.26	2,036.13	75.00		75.00
Whittall, Gertrude C.: Collection of Stradivari instruments and Tourte bows.....	1,225,060.97	301,655.20	1,526,716.17	750,987.45	61,005.64	811,993.09	3,382.00		3,382.00
Poetry fund.....	101,149.73	301,655.20	402,804.93	58,699.69	4,045.98	62,745.67			
General literature.....	393,279.59		393,279.59	111,625.32	15,731.18	127,356.50	2,168.26		2,168.26
Appreciation and understanding of good literature.....	150,000.00		150,000.00	67,898.31	6,000.00	73,898.31			
Wilbur, James B.....	305,813.57		305,813.57	337,760.32	12,232.56	349,992.88	107,345.09		107,345.09
Donations and investment income.....	4,514,069.77	616,406.34	5,130,476.11	2,911,674.27	192,853.52	3,104,527.79	908,097.72	18,283.16	926,380.88
Expenditures from investment income.....				2,672,069.11	169,930.16	2,841,999.27	891,526.47	25,840.22	917,366.69
Balances in the accounts.....	4,514,069.77	616,406.34	5,130,476.11	239,605.16	22,923.36	262,528.52	16,571.25	-7,557.06	9,014.19

Includes income from securities held as investment under deed of trust dated Nov. 17, 1936, administered by designated trustees including the Bank of New York.

TABLE 78.—National service life insurance fund, June 30, 1966

[This trust fund was established in accordance with the provisions of the act of Oct. 8, 1940 (38 U.S.C. 720). For further details, see annual report of the Secretary for 1941, p. 143]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Premiums and other receipts.....	\$11,306,960,002.47	\$496,960,122.88	\$11,803,920,125.35
Interest on investments.....	3,494,203,698.97	190,782,526.74	3,684,986,225.71
Payments from general fund.....	4,759,847,815.52	5,170,556.57	4,765,018,372.09
Total receipts.....	19,561,011,516.96	692,913,206.19	20,253,924,723.15
Expenditures:			
Benefit payments, dividends, and refunds.	13,647,071,502.05	484,744,915.13	14,131,816,417.18
Balance.....	5,913,940,014.91	208,168,291.06	6,122,108,305.97

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, national service life insurance fund series maturing June 30:			
Certificates of indebtedness:			
3½% of 1966.....	\$8,418,000.00	—\$8,418,000.00	
4½% of 1967.....		13,696,000.00	\$13,696,000.00
Treasury notes:			
3½% of 1967.....	6,946,000.00		6,946,000.00
3½% of 1968.....	6,946,000.00		6,946,000.00
4½% of 1968.....		13,696,000.00	13,696,000.00
3½% of 1969.....	6,946,000.00		6,946,000.00
4½% of 1969.....		13,696,000.00	13,696,000.00
3½% of 1970.....	6,946,000.00		6,946,000.00
4½% of 1970.....		13,696,000.00	13,696,000.00
4½% of 1971.....		544,480,000.00	544,480,000.00
Treasury bonds:			
3% of 1966.....	379,000,000.00	—379,000,000.00	
3½% of 1966.....	7,873,000.00	—7,873,000.00	
3% of 1967.....	379,000,000.00		379,000,000.00
3½% of 1967.....	7,873,000.00		7,873,000.00
3% of 1968.....	379,000,000.00		379,000,000.00
3½% of 1968.....	7,873,000.00		7,873,000.00
3% of 1969.....	379,000,000.00		379,000,000.00
3½% of 1969.....	7,873,000.00		7,873,000.00
3% of 1970.....	379,000,000.00		379,000,000.00
3½% of 1970.....	7,873,000.00		7,873,000.00
3% of 1971.....	379,000,000.00		379,000,000.00
3½% of 1971.....	6,946,000.00		6,946,000.00
3½% of 1971.....	7,873,000.00		7,873,000.00
3% of 1972.....	379,000,000.00		379,000,000.00
3½% of 1972.....	6,946,000.00		6,946,000.00
3½% of 1972.....	7,873,000.00		7,873,000.00
3% of 1973.....	379,000,000.00		379,000,000.00
3½% of 1973.....	6,946,000.00		6,946,000.00
3½% of 1973.....	7,873,000.00		7,873,000.00
3% of 1974.....	379,000,000.00		379,000,000.00
3½% of 1974.....	6,946,000.00		6,946,000.00
3½% of 1974.....	7,873,000.00		7,873,000.00
3½% of 1975.....	6,946,000.00		6,946,000.00
3½% of 1975.....	386,873,000.00		386,873,000.00
3½% of 1976.....	343,149,000.00		343,149,000.00
3½% of 1976.....	43,724,000.00		43,724,000.00
3½% of 1976.....	6,946,000.00		6,946,000.00
3½% of 1977.....	386,307,000.00		386,307,000.00
3½% of 1977.....	7,512,000.00		7,512,000.00
3½% of 1978.....	298,259,000.00		298,259,000.00
3½% of 1978.....	95,560,000.00		95,560,000.00
3½% of 1979.....	393,819,000.00		393,819,000.00
3½% of 1980.....	393,819,000.00		393,819,000.00
Total investments.....	5,908,757,000.00	203,973,000.00	6,112,730,000.00
Undisbursed balance.....	5,183,014.91	4,195,291.06	9,378,305.97
Total assets.....	5,913,940,014.91	208,168,291.06	6,122,108,305.97

NOTE.—Policy loans outstanding, on basis of information furnished by the Veterans' Administration, amounted to \$598,140,910.32 as of June 30, 1966.

TABLE 79.—*Pershing Hall Memorial fund, June 30, 1966*

[This special fund was established in accordance with the provisions of the act of June 28, 1935, as amended (36 U.S.C. 491). For further details, see annual report of the Secretary for 1941, p. 155]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Appropriations.....	\$482,032.92		\$482,032.92
Profits on investments.....	5,783.21		5,783.21
Net increase in book value of bonds.....	12,000.35		12,000.35
Interest earned.....	159,613.88	\$7,385.00	166,998.88
Total receipts.....	659,430.36	7,385.00	666,815.36
Expenditures:			
Claims and expenses.....	288,629.70		288,629.70
National Treasurer, American Legion.....	155,921.38	7,385.00	163,306.38
Total expenditures.....	444,551.08	7,385.00	451,936.08
Balance.....	214,879.28		214,879.28

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Public issues:			
Treasury bonds, 3½% of 1990.....	\$211,000.00		\$211,000.00
Undisbursed balance.....	3,879.28		3,879.28
Total assets.....	214,879.28		214,879.28

TABLE 80.—*Philippine Government pre-1934 bond account, June 30, 1966*

[This special trust account was established in accordance with the provisions of the act of Aug. 7, 1939 (22 U.S.C. 1393), for the payment of bonds issued prior to May 1, 1934, by provinces, cities, and municipalities of the Philippines].

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Taxes on exports.....	\$1,586,135.92	-----	\$1,586,135.92
Interest and profits on investments ¹	3,733,856.14	\$3,295.65	3,737,151.79
Sale of stock of Bank of Philippine Islands.....	43,100.00	-----	43,100.00
Deposit of the Philippine Government.....	13,141.85	-----	13,141.85
U.S. Treasury bonds from the Philippine Govern- ment.....	6,269,750.00	-----	6,269,750.00
Annual payments by the Philippine Government.....	15,646,589.37	-----	15,646,589.37
Total receipts.....	27,292,573.28	3,295.65	27,295,868.93
Expenditures:			
Interest on outstanding Philippine bonds.....	2,443,118.81	101.25	2,443,220.06
Return of excess cash to the Philippine Government.....	1,600,000.00	238,000.00	1,838,000.00
Payment of matured bonds of the Philippine Gov- ernment.....	19,181,475.00	825.00	19,182,300.00
Cancellation of Philippine bonds at cost ²	3,533,585.13	-----	3,533,585.13
Losses on securities sold.....	153,752.03	-----	153,752.03
Unamortized discount on investments.....	-3,868.80	3,868.80	-----
Total expenditures.....	26,908,062.17	242,795.05	27,150,857.22
Balance.....	384,511.11	-239,499.40	145,011.71

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (-)	June 30, 1966
Investments in public debt securities:			
Public issues:			
Treasury bills.....	\$195,000.00	-\$195,000.00	-----
Treasury notes, 4%, Series E-1965.....	100,000.00	-100,000.00	-----
Total investments.....	295,000.00	-295,000.00	-----
Undisbursed balance.....	89,511.11	55,500.60	\$145,011.71
Total assets.....	384,511.11	-239,499.40	145,011.71

¹ Losses were netted against profits through fiscal 1957.

² The face value of the bonds canceled was \$3,436,000.

NOTE.—As of June 30, 1964, the total principal and interest of pre-1934 bonds had matured.

TABLE 81.—*Railroad retirement account, June 30, 1966*

[This trust account was established in accordance with the provisions of the act of June 24, 1937 (45 U.S.C. 228c). For further details, see annual report of the Secretary for 1941, p. 148]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Tax collections:			
Appropriated 1.....	\$13,103,763,328.82	\$694,047,109.31	\$13,797,815,438.13
Unappropriated.....	6,352,885.52	5,968,623.54	12,321,509.06
Fines and penalties.....	450.00	200.00	650.00
Interest and profits on investments.....	1,823,872,445.07	150,010,957.39	1,973,883,402.46
Payments from Federal old-age and survivors and Federal disability insurance trust funds 2.....	2,756,738,000.00	468,782,000.00	3,225,520,000.00
Railroad unemployment insurance account:			
Interest on advances.....	44,930,814.41	10,936,915.57	55,867,729.98
Repayment of advances.....	256,650,000.00	81,530,000.00	338,180,000.00
Total receipts.....	17,992,312,923.82	1,411,275,805.81	19,403,588,729.63
Expenditures:			
Benefit payments, etc.....	13,240,529,139.58	1,193,562,649.07	14,434,091,788.65
Administrative expenses 3.....	124,970,522.47	11,530,770.98	136,501,293.45
Federal old-age and survivors and Federal disability insurance trust funds:			
Payments.....	26,831,000.00	-----	26,831,000.00
Interest payments.....	35,393,000.00	-----	35,393,000.00
Advances to railroad unemployment insurance account.....	548,661,000.00	40,895,000.00	589,556,000.00
Interest on refunds of taxes.....	14,858.50	2,531.83	17,390.33
Total expenditures.....	13,976,399,520.55	1,245,990,951.88	15,222,390,472.43
Balance.....	4,015,913,403.27	165,284,853.93	4,181,198,257.20

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, railroad retirement series, maturing June 30:			
Treasury certificates of indebtedness:			
4½% of 1966.....	\$208,205,000.00	—\$208,205,000.00	-----
4½% of 1967.....	-----	218,458,000.00	\$218,458,000.00
Treasury notes:			
4½% of 1967.....	177,435,000.00	—177,435,000.00	-----
4½% of 1967.....	30,768,000.00	—30,768,000.00	-----
4½% of 1968.....	185,091,000.00	—5,738,000.00	179,353,000.00
4½% of 1968.....	23,110,000.00	-----	23,110,000.00
4½% of 1969.....	23,110,000.00	15,995,000.00	15,995,000.00
4½% of 1969.....	-----	10,257,000.00	10,257,000.00
4½% of 1970.....	10,298,000.00	-----	10,298,000.00
4½% of 1970.....	-----	10,257,000.00	10,257,000.00
4½% of 1971.....	-----	321,044,000.00	321,044,000.00

Footnotes at end of table.

TABLE 81.—*Railroad retirement account, June 30, 1966—Continued*

II. ASSETS HELD BY THE TREASURY DEPARTMENT—Continued

Assets	June 30, 1965	Fiscal year 1966, increase or decrease (—)	June 30, 1966
Investments in public debt securities—Con. Special issues, railroad retirement series, maturing June 30—Continued			
Treasury bonds:			
4½% of 1969.....	\$185,091,000.00	-----	\$185,091,000.00
4% of 1970.....	185,091,000.00	-----	185,091,000.00
4½% of 1970.....	12,812,000.00	-----	12,812,000.00
4% of 1971.....	185,091,000.00	-----	185,091,000.00
4½% of 1971.....	23,110,000.00	-----	23,110,000.00
4% of 1972.....	185,091,000.00	-----	185,091,000.00
4½% of 1972.....	23,110,000.00	-----	23,110,000.00
4% of 1973.....	185,091,000.00	-----	185,091,000.00
4½% of 1973.....	23,110,000.00	-----	23,110,000.00
4% of 1974.....	185,091,000.00	-----	185,091,000.00
4½% of 1974.....	23,110,000.00	-----	23,110,000.00
4% of 1975.....	185,091,000.00	-----	185,091,000.00
4½% of 1975.....	23,110,000.00	-----	23,110,000.00
4% of 1976.....	185,091,000.00	-----	185,091,000.00
4½% of 1976.....	23,110,000.00	-----	23,110,000.00
4% of 1977.....	185,091,000.00	-----	185,091,000.00
4½% of 1977.....	23,110,000.00	-----	23,110,000.00
4% of 1978.....	185,091,000.00	-----	185,091,000.00
4½% of 1978.....	23,110,000.00	-----	23,110,000.00
4½% of 1979.....	208,201,000.00	-----	208,201,000.00
4½% of 1980.....	208,201,000.00	-----	208,201,000.00
Total special issues.....	3,123,019,000.00	\$153,867,000.00	3,276,886,000.00
Public issues:			
Treasury notes:			
4%, Series A-1966.....	6,000,000.00	—6,000,000.00	-----
3½%, Series B-1966.....	30,500,000.00	—30,500,000.00	-----
3½%, Series A-1967.....	10,000,000.00	-----	10,000,000.00
3½%, Series B-1967.....	18,000,000.00	-----	18,000,000.00
4½%, Series D-1967.....	-----	10,000,000.00	10,000,000.00
5%, Series B-1970.....	-----	32,000,000.00	32,000,000.00
Treasury bonds:			
3½% of 1966.....	5,500,000.00	—5,500,000.00	-----
3½% of 1968.....	14,000,000.00	-----	14,000,000.00
3½% of 1968.....	7,000,000.00	-----	7,000,000.00
4% of 1969 (dated Oct. 1, 1957).....	57,000,000.00	-----	57,000,000.00
4% of 1969 (dated Aug. 15, 1962).....	51,000,000.00	-----	51,000,000.00
4% of 1970.....	35,000,000.00	-----	35,000,000.00
3½% of 1971.....	46,500,000.00	-----	46,500,000.00
4% of 1971.....	8,500,000.00	-----	8,500,000.00
4% of 1972 (dated Sept. 15, 1962).....	33,500,000.00	-----	33,500,000.00
4% of 1972 (dated Nov. 15, 1962).....	21,000,000.00	-----	21,000,000.00
3½% of 1974.....	156,700,000.00	-----	156,700,000.00
4½% of 1975-85.....	47,261,000.00	-----	47,261,000.00
3½% of 1980.....	6,000,000.00	-----	6,000,000.00
4% of 1980.....	125,550,000.00	-----	125,550,000.00
3½% of 1985.....	6,900,000.00	-----	6,900,000.00
4½% of 1987-92.....	14,000,000.00	-----	14,000,000.00
4% of 1988-93.....	6,000,000.00	-----	6,000,000.00
4½% of 1989-94.....	13,100,000.00	-----	13,100,000.00
3½% of 1990.....	38,925,000.00	-----	38,925,000.00
3% of 1995.....	3,200,000.00	-----	3,200,000.00
3½% of 1998.....	31,550,000.00	-----	31,550,000.00
Total public issues.....	792,686,000.00	-----	792,686,000.00
Total investments.....	3,915,705,000.00	153,867,000.00	4,069,572,000.00
Undisbursed balance.....	100,208,403.27	11,417,853.93	111,626,257.20
Total assets.....	4,015,913,403.27	165,284,853.93	4,181,198,257.20

¹ Includes the Government's contribution for creditable military service under the act of Apr. 8, 1942, as amended by the act of Aug. 1, 1956 (45 U.S.C. 228c-1(n)(p)). Effective July 1, 1951, appropriations of receipts are equal to the amount of taxes deposited in the Treasury (less refunds) under the Railroad Retirement Tax Act (26 U.S.C. 3201-3233).

² Pursuant to act of June 24, 1937 (45 U.S.C. 228c(k)).

³ Beginning Aug. 1, 1949, paid from the trust fund under title IV, act of June 29, 1949 (45 U.S.C. 228 p), and subsequent annual appropriations acts.

TABLE 82.—*Unemployment trust fund, June 30, 1966*

[This trust fund was established in accordance with the provisions of Sec. 904(a) of the Social Security Act of Aug. 14, 1935 (42 U.S.C. 1104). For further details see annual report of the Secretary for 1941, p. 145]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
STATE UNEMPLOYMENT ACCOUNTS			
Receipts:			
Appropriations from general fund ¹	\$138,024,733.38		\$138,024,733.38
Deposits by States.....	42,681,357,614.05	\$3,067,203,557.52	45,748,561,171.57
Interest earned:			
Collected.....	4,046,369,974.33	291,986,721.23	4,338,356,695.56
Accrued.....	18,696,704.83	166,993.89	18,863,698.72
Total receipts.....	46,884,449,026.59	3,359,357,272.64	50,243,806,299.23
Expenditures:			
Withdrawals by States.....	39,413,100,946.89	1,978,466,790.70	41,391,567,737.59
Advances to States.....			
Total expenditures.....	39,413,100,946.89	1,978,466,790.70	41,391,567,737.59
Transfers:			
From Employment Security Administration Account (1958 Act).....	6,165,915.22	² 2,596,634.85	8,762,550.07
To the railroad unemployment insurance account.....	-107,226,931.89		-107,226,931.89
From Federal unemployment account.....	236,765,000.00		236,765,000.00
From Federal extended compensation account (reimbursement).....	46,282,805.47		46,282,805.47
To Federal unemployment account.....	-36,300,500.00	³ -21,400,000.00	-57,700,500.00
Net transfers.....	145,686,288.80	-18,803,365.15	126,882,923.65
Balance.....	7,617,034,368.50	1,362,087,116.79	8,979,121,485.29
RAILROAD UNEMPLOYMENT INSURANCE ACCOUNTS			
BENEFIT PAYMENTS ACCOUNT			
Receipts:			
Deposits by Railroad Retirement Board.....	2,144,159,511.18	139,130,646.26	2,283,290,157.44
Advances from the railroad retirement account.....	548,661,000.00	40,895,000.00	589,556,000.00
From the railroad unemployment insurance administration fund.....	106,187,199.00		106,187,199.00
Advance by Secretary of Treasury.....	15,000,000.00		15,000,000.00
Interest earned:			
Collected.....	221,852,384.87	99,231.53	221,951,616.40
Accrued.....	25,937.69	66.75	25,994.44
Total receipts.....	3,035,886,032.74	180,124,934.54	3,216,010,967.28
Expenditures:			
Benefit payments.....	2,790,956,570.43	88,119,729.03	2,879,076,299.46
To the railroad unemployment insurance administration fund.....	12,338,198.54		12,338,198.54
Repayment of advances to railroad retirement account.....	256,650,000.00	81,530,000.00	338,180,000.00
Repayment of advance to the Secretary of the Treasury.....	15,000,000.00		15,000,000.00
Repayment of advances from general fund for temporary unemployment compensation benefits.....	19,398,592.24		19,398,592.24
Payment of interest on advances from railroad retirement account.....	44,930,814.41	10,936,915.57	55,867,729.98
Total expenditures.....	3,139,274,175.62	180,586,644.60	3,319,860,820.22
Transfers:			
To the railroad unemployment insurance administration fund ⁴	-3,464,997.48		-3,464,997.48
From State unemployment funds.....	107,226,931.89		107,226,931.89
From the railroad unemployment insurance administration fund ⁵	2,662,605.40	2,718,800.58	5,381,405.98
Net transfers.....	106,424,539.81	2,718,800.58	109,143,340.39
Balance.....	3,036,396.93	2,257,090.52	5,293,487.45

Footnotes at end of part I.

TABLE 82.—*Unemployment trust fund, June 30, 1966—Continued*

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)—Con.

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
RAILROAD UNEMPLOYMENT INSURANCE ACCOUNTS—Continued			
ADMINISTRATIVE EXPENSE FUND			
Receipts:			
Deposits by Railroad Retirement Board— Adjusted for prior year (unexpended balance).....	\$60,199,948.54	\$9,280,555.28	\$69,480,503.82
Interest earned:	7,237,031.36		7,237,031.36
Collected.....	1,003,057.30	258,301.47	1,261,358.77
Accrued.....	14,431.30	147.73	14,579.03
Total receipts.....	68,454,468.50	9,539,004.48	77,993,472.98
Expenditures:			
Administrative expenses.....	62,957,753.10	6,737,805.96	69,695,559.06
Transfers:			
From railroad unemployment insurance account ⁴	3,464,997.48		3,464,997.48
To railroad unemployment insurance account ⁵	-2,662,605.40	-2,718,800.58	-5,381,405.98
Net transfers.....	802,392.08	-2,718,800.58	-1,916,408.50
Balance.....	6,299,107.48	82,397.94	6,381,505.42
FEDERAL EXTENDED COMPENSATION ACCOUNT			
Receipts:			
Advances from general fund.....	⁶ 814,094,450.04		814,094,450.04
Expenditures:			
Temporary extended unemployment compensation payments.....	767,344,172.17	-127,944.52	767,216,227.65
Repayment of advances from general fund.....	772,836,857.80	128,458.92	772,965,316.72
Total expenditures.....	1,540,181,029.97	514.40	1,540,181,544.37
Transfers:			
From employment security administra- tion account.....	772,369,899.80		772,369,899.80
Reimbursement to State accounts.....	-46,282,805.47		-46,282,805.47
Net transfers.....	726,087,094.33		726,087,094.33
Balance.....	514.40	-514.40	
EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT			
Receipts:			
Transfers (Federal unemployment taxes):			
Appropriated ⁷	3,227,919,217.73	564,909,345.54	3,792,828,563.27
Less refund of taxes.....	-22,183,182.03	-6,000,360.88	-28,183,543.01
Advance from general (revolving) fund.....	1,229,984,705.13	210,245,448.57	1,440,230,153.70
Less return of advances to general fund.....	-1,229,984,705.13	-210,245,448.57	-1,440,230,153.70
Interest earned:			
Collected.....	8,504,679.65	2,569,331.83	11,074,011.48
Accrued.....	174,443.26	1,469.46	175,912.72
Total receipts.....	3,214,415,158.61	561,479,785.85	3,775,894,944.46
Expenditures:			
Administrative expenses to Department of Labor.....	801,650.00	279,000.00	1,080,650.00
Salaries and expenses, Bureau of Em- ployment Security.....	55,504,415.95	16,922,138.98	72,426,554.93
Grants to States for unemployment compensation and employment service administration.....	1,991,091,680.89	476,583,007.21	2,467,674,688.10
Payments to general fund:			
Temporary unemployment compen- sation—1958.....	154,230,982.78	20,601,175.99	174,832,158.77
Reimbursement for administrative ex- penses.....	27,351,748.68	8,891,983.78	36,243,732.46
Interest on advances from general (re- volving) fund.....	14,878,736.51	2,217,373.64	17,096,110.15
Interest on refund of taxes.....	445,215.64	232,554.91	677,770.55
Total expenditures.....	2,244,304,430.45	525,727,234.51	2,770,031,664.96

Footnotes at end of part I.

TABLE 82.—*Unemployment trust fund, June 30, 1966—Continued*

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)—Con.

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT—Continued			
Transfers:			
To State accounts.....	—\$6,165,915.22	² —\$2,596,634.85	—\$8,762,550.07
To Federal unemployment account:			
Excess ³	—68,740,936.25	—38,996,071.41	—107,737,007.66
Reduced tax credits:			
Alaska.....	—804,476.12	—279,480.78	—1,083,956.90
Michigan.....	—15,381,202.36		—15,381,202.36
To Federal extended compensation account.....	—772,369,899.80		—772,369,899.80
Net transfers.....	—863,462,429.75	—41,872,187.04	—905,334,616.79
Balance.....	106,648,298.41	—6,119,635.70	100,528,662.71
FEDERAL UNEMPLOYMENT ACCOUNT			
Receipts:			
Appropriations from general fund ¹	207,350,872.17		207,350,872.17
Interest earned:			
Collected.....	67,312,899.09	13,769,410.64	81,082,309.73
Accrued.....	793,994.98	7,875.06	801,870.04
Total receipts.....	275,457,766.24	13,777,285.70	289,235,051.94
Expenditures:			
To Bureau of Employment Security, Department of Labor.....	6,070,787.08		6,070,787.08
Transfers:			
To State unemployment accounts.....	—236,765,000.00		—236,765,000.00
From State unemployment accounts.....	36,300,500.00	21,400,000.00	57,700,500.00
From employment security administration account—reduced tax credits.....	16,185,678.48	279,480.78	16,465,159.26
From employment security administration account—excess ⁴	68,740,936.25	38,996,071.41	107,737,007.66
Net transfers.....	—115,537,885.27	60,675,552.19	—54,862,333.08
Balance.....	153,849,093.89	74,452,837.89	228,301,931.78
SUMMARY OF BALANCES			
State unemployment accounts.....	7,617,034,368.50	1,362,087,116.79	8,979,121,485.29
Railroad unemployment insurance accounts:			
Benefit payments account.....	3,036,396.93	2,257,090.52	5,293,487.45
Administrative expense fund.....	6,299,107.48	82,397.94	6,381,505.42
Federal extended compensation account.....	514.40	—514.40	
Employment security administration account.....	106,648,298.41	—6,119,635.70	100,528,662.71
Federal unemployment account.....	153,849,093.89	74,452,837.89	228,301,931.78
Total assets.....	7,886,867,779.61	1,432,759,293.04	9,319,627,072.65

¹ Amounts appropriated to the unemployment trust fund prior to enactment of the Employment Security Act of 1960 representing the excess of collections from Federal unemployment tax over employment security expenses (42 U.S.C. 1101(b)).

² Represents transfers of \$88,288.18 to Alaska, \$1,990,740.27 to California, \$67,238.31 to Delaware, \$216,095.17 to Indiana, \$120,602.43 to Massachusetts, and \$113,670.49 to Minnesota.

³ Represents partial repayment by Pennsylvania and Michigan of advances from the Federal unemployment account.

⁴ Amount transferred pursuant to Public Law 88-133, approved Oct. 5, 1963 (77 Stat. 219).

⁵ Represents the excess in the administrative expense fund transferred pursuant to section 11(d) of the Railroad Unemployment Insurance Act (45 U.S.C. 361(d)).

⁶ Includes \$36,274,280.68 not repayable to general fund pursuant to section 905(a) of the Social Security Act, as amended.

⁷ Excludes unappropriated receipts of \$208,582.53.

⁸ Represents excess in the employment security administration account transferred pursuant to 42 U.S.C. 1102.

TABLE 82.—Unemployment trust fund, June 30, 1966—Continued

II. ASSETS HELD BY THE TREASURY DEPARTMENT (ACCRUAL BASIS)

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (—)	June 30, 1966
Investments in public debt securities:			
Special issues, Treasury certificates of indebtedness, unemployment trust fund series maturing June 30:			
3½% of 1966.....	\$5,799,114,000.00	—\$5,799,114,000.00	-----
3½% of 1967.....		7,074,789,000.00	\$7,074,789,000.00
Total special issues.....	5,799,114,000.00	1,275,675,000.00	7,074,789,000.00
Public issues:			
Treasury notes:			
4% Series A-1966.....	5,750,000.00	—5,750,000.00	-----
3½% Series B-1967.....	7,000,000.00		7,000,000.00
4½% Series D-1967.....		192,000,000.00	192,000,000.00
5% Series A-1970.....		5,750,000.00	5,750,000.00
Treasury bonds:			
2½% of 1964-69 (dated Apr. 15, 1943)...	1,000,000.00		1,000,000.00
2½% of 1964-69 (dated Sept. 15, 1943)...	5,600,000.00		5,600,000.00
2½% of 1965-70.....	15,000,000.00		15,000,000.00
3½% of 1966.....	1,000,000.00		1,000,000.00
3½% of 1968.....	3,000,000.00		3,000,000.00
3½% of 1968.....	31,500,000.00		31,500,000.00
4% of 1969 (dated Aug. 15, 1962).....	19,000,000.00		19,000,000.00
4% of 1969 (dated Oct. 1, 1957).....	26,100,000.00		26,100,000.00
4% of 1970 (dated Jan. 1, 1965).....	119,250,000.00		119,250,000.00
4% of 1970 (dated June 20, 1963).....	3,000,000.00		3,000,000.00
4% of 1971.....	10,000,000.00		10,000,000.00
3½% of 1971.....	12,000,000.00		12,000,000.00
4% of 1972 (dated Sept. 15, 1962).....	46,500,000.00		46,500,000.00
4% of 1972 (dated Nov. 15, 1962).....	31,500,000.00		31,500,000.00
4% of 1973.....	48,000,000.00		48,000,000.00
4½% of 1973.....	9,000,000.00		9,000,000.00
3½% of 1974.....	16,000,000.00		16,000,000.00
4½% of 1974.....	127,000,000.00		127,000,000.00
4½% of 1974.....	2,640,000.00		2,640,000.00
4½% of 1975-85.....	32,710,000.00		32,710,000.00
3½% of 1978-83.....	53,050,000.00		53,050,000.00
4% of 1980.....	106,000,000.00		106,000,000.00
3½% of 1980.....	53,000,000.00		53,000,000.00
3½% of 1985.....	14,000,000.00		14,000,000.00
4½% of 1987-92.....	104,000,000.00		104,000,000.00
4% of 1988-93.....	17,500,000.00		17,500,000.00
4½% of 1989-94.....	174,300,000.00		174,300,000.00
3½% of 1990.....	112,221,000.00		112,221,000.00
3½% of 1998.....	43,200,000.00		43,200,000.00
2½% Investment Series B-1975-80.....	745,000,000.00		745,000,000.00
Total public issues.....	1,994,821,000.00	192,000,000.00	2,186,821,000.00
Total investments, par value.....	7,793,935,000.00	1,467,675,000.00	9,261,610,000.00
Unamortized discount.....	—9,723,213.12	480,617.82	—9,242,595.30
Unamortized premium.....	857,724.63	—74,823.74	782,900.89
Accrued interest purchased.....	49,507.06	—49,507.06	-----
Total investments.....	7,785,119,018.57	1,468,031,287.02	9,253,150,305.59
Unexpended balances:			
Trust account.....	10,043,996.50	—4,801,898.50	5,242,098.00
Railroad unemployment insurance ac- counts:			
Benefits payments account.....	400,429.57	—125,729.03	274,700.54
Administrative expense fund.....	159,945.08	132,194.04	292,139.12
Federal extended compensation account.....	514.40	—514.40	-----
Employment security administration account.....	66,938,354.82	—26,152,588.78	40,785,766.04
Subtotal.....	7,862,662,258.94	1,437,082,750.35	9,299,745,009.29
Accrued interest on investments.....	19,705,520.67	176,542.69	19,882,063.36
Cash advance repayable to trust fund.....			-----
Accounts receivable.....	4,500,000.00	—4,500,000.00	-----
Total assets.....	7,886,867,779.61	1,432,759,293.04	9,319,627,072.65

TABLE 82.—Unemployment trust fund, June 30, 1966—Continued

III. BALANCE OF UNEMPLOYMENT TRUST FUND BY STATES AND OTHER ACCOUNTS AS OF JUNE 30, 1965, OPERATIONS IN 1966, AND BALANCE JUNE 30, 1966

States and other accounts	Balance June 30, 1965	Operations in fiscal 1966				Balance June 30, 1966
		Deposits	Earnings	Transfers	Withdrawals	
Alabama.....	\$86,061,579.46	\$27,891,000.00	\$3,303,631.72	¹ —\$2,676,137.00	\$17,244,500.00	\$97,335,574.18
Alaska.....	11,496,652.38	10,270,883.49	248,864.90	² 88,288.18	6,530,000.00	15,574,688.95
Arizona.....	64,522,451.40	14,398,052.28	2,352,148.61		12,935,000.00	68,337,652.29
Arkansas.....	28,007,216.24	16,180,661.15	1,162,297.95		10,048,000.00	35,302,175.34
California.....	615,813,367.65	520,278,662.59	23,524,243.43	² 1,990,740.27	458,304,011.39	703,303,002.55
Colorado.....	56,932,129.12	15,754,000.00	2,212,474.07		9,465,000.00	65,433,603.19
Connecticut.....	187,866,384.09	57,184,000.00	7,332,998.51		28,350,000.00	224,033,382.60
Delaware.....	21,823,528.87	7,755,000.00	863,369.70	² 67,238.31	4,949,000.00	25,560,136.88
District of Columbia.....	63,352,657.46	9,236,760.52	2,319,683.94		8,670,000.00	66,239,101.92
Florida.....	171,931,898.83	36,990,819.04	6,568,911.88		18,427,200.00	197,064,429.75
Georgia.....	184,201,277.88	34,539,650.88	7,113,298.13		13,435,000.00	212,419,226.89
Hawaii.....	20,323,629.46	10,852,297.40	819,895.04		6,750,000.00	25,245,821.90
Idaho.....	28,297,832.16	9,600,400.00	1,140,540.98		5,431,075.00	33,607,698.14
Illinois.....	505,706,239.18	106,374,813.20	19,266,165.07		76,950,000.00	554,397,217.45
Indiana.....	173,520,691.45	49,275,284.39	6,714,872.01	³ —4,135,529.62	21,775,000.00	203,600,318.23
Iowa.....	112,841,811.94	10,058,264.31	4,181,965.24		7,920,000.00	119,162,041.49
Kansas.....	60,973,541.48	16,591,000.00	2,327,153.99		11,174,942.35	68,716,753.12
Kentucky.....	114,084,636.76	26,800,000.00	4,390,538.56		17,070,000.00	128,205,175.32
Louisiana.....	118,300,839.77	35,532,446.72	4,593,741.84		21,250,000.00	137,177,028.33
Maine.....	31,268,985.53	10,251,070.00	1,249,682.33		5,980,000.00	36,789,737.86
Maryland.....	162,222,532.37	51,261,325.53	6,329,109.63	¹ —3,061,666.00	25,150,000.00	191,601,301.53
Massachusetts.....	199,081,313.62	139,328,933.04	8,070,346.52	⁴ —5,896,497.06	93,400,000.00	247,184,096.12
Michigan.....	475,555,001.53	178,433,552.78	15,941,671.41	⁵ —26,100,000.00	62,870,000.00	580,960,225.72
Minnesota.....	19,455,103.13	32,115,000.00	941,864.28	² 113,670.49	21,270,000.00	31,355,637.90
Mississippi.....	54,269,704.98	17,875,000.00	2,249,977.41		6,530,146.41	67,864,535.98
Missouri.....	225,868,035.11	45,666,104.08	8,615,977.62		29,289,001.79	250,861,115.02
Montana.....	18,178,331.29	5,676,800.00	690,064.33		5,351,000.00	19,194,195.62
Nebraska.....	40,624,663.38	7,603,447.00	1,492,869.67		7,352,605.00	42,368,375.05
Nevada.....	28,562,173.70	10,151,000.00	1,035,142.73		11,200,000.00	28,548,316.43
New Hampshire.....	27,128,814.41	7,816,035.60	1,100,263.99		2,363,000.00	33,682,114.00
New Jersey.....	291,624,471.87	144,456,669.25	11,136,613.34		112,500,000.00	334,717,754.41
New Mexico.....	34,338,059.35	6,896,347.00	1,276,237.89		6,465,000.00	36,045,644.24
New York.....	1,214,552,462.09	463,830,605.72	46,585,494.65	¹ —17,904,836.00	338,416,977.30	1,368,646,749.16
North Carolina.....	225,393,036.69	45,640,000.00	8,737,074.10		22,500,000.00	257,720,110.79
North Dakota.....	5,467,297.38	5,488,833.88	237,501.22		5,565,000.00	5,628,632.48
Ohio.....	291,217,764.33	192,692,247.92	13,007,490.32		59,132,589.03	437,784,913.64
Oklahoma.....	45,337,609.21	16,519,000.00	1,765,466.19		11,530,000.00	52,092,075.40
Oregon.....	86,727,975.99	32,179,044.94	3,479,102.10		18,800,000.00	103,586,123.03
Pennsylvania.....	311,801,069.61	306,170,000.00	11,426,289.96	⁶ —38,100,000.00	97,900,000.00	493,397,359.57
Puerto Rico.....	55,266,013.95	20,588,240.14	2,019,859.68		16,500,000.00	61,374,113.77

Rhode Island.....	49,687,219.20	20,911,000.00	1,977,839.06	¹ -2,043,000.00	11,925,000.00	58,608,058.26
South Carolina.....	90,607,739.14	20,910,000.00	3,509,248.92	-----	9,912,000.00	105,114,988.06
South Dakota.....	14,246,531.88	2,224,000.00	534,934.76	-----	1,985,000.00	15,020,466.62
Tennessee.....	94,013,854.51	44,550,000.00	3,913,637.30	-----	19,622,444.69	122,855,047.12
Texas.....	241,620,411.64	56,330,233.31	9,156,682.81	-----	35,741,277.10	271,366,050.66
Utah.....	35,681,740.06	10,509,500.00	1,327,235.33	-----	10,151,000.00	37,367,475.39
Vermont.....	6,317,067.54	7,735,847.79	309,038.49	-----	3,365,000.00	10,996,953.82
Virginia.....	142,092,098.47	19,884,800.00	5,405,348.75	-----	8,160,000.00	159,222,247.22
Washington.....	203,051,506.97	60,474,435.64	7,837,204.39	-----	36,425,000.00	234,938,147.00
West Virginia.....	59,102,849.26	15,383,000.00	2,261,685.72	-----	10,555,000.00	66,192,534.98
Wisconsin.....	202,008,889.90	47,995,573.92	7,738,052.74	-----	33,126,657.86	224,615,859.20
Wyoming.....	8,605,674.85	4,091,914.06	357,911.91	-----	2,350,000.00	10,705,500.82
Subtotal.....	7,617,034,368.50	3,067,203,557.52	292,153,715.12	-97,657,728.43	1,899,612,427.42	8,979,121,485.29
Railroad unemployment insurance accounts:						
Benefits and refunds.....	2,635,967.36	139,130,646.26	99,288.28	⁷ 43,613,800.58	⁸ 180,460,915.57	5,018,786.91
Administrative expense fund.....	6,139,162.40	9,280,555.28	258,449.20	⁹ -2,718,800.58	6,870,000.00	6,089,366.30
Federal unemployment account.....	153,849,093.89		13,777,285.70	60,675,552.19	-----	228,301,931.78
Employment security administration account.....	39,709,943.59	374,525,162.80	2,570,801.29	-43,916,903.80	313,146,107.21	59,742,896.67
Federal extended compensation account.....	-----	-----	-----	-----	-----	-----
Subtotal all accounts.....	7,819,368,535.74	3,590,139,921.86	308,859,539.59	-40,004,080.04	2,400,089,450.20	9,278,274,466.95
Balances of transfers to other agencies:						
Railroad unemployment insurance accounts:						
Benefits and refunds.....	400,429.57	-----	-----	-----	125,729.03	274,700.54
Administrative expense fund.....	159,945.08	-----	-----	-----	-132,194.04	292,139.12
Federal extended compensation account.....	514.40	-----	-----	-----	514.40	-----
Employment security administration account.....	66,938,354.82	-----	-----	-----	26,152,588.78	40,785,766.04
Total as shown in parts I and II.....	7,886,867,779.61	3,590,139,921.86	308,859,539.59	-40,004,080.04	2,426,236,088.37	9,319,627,072.65

¹ Transfers to State accounts from the employment security administration account due to installment repayments made before Nov. 10, 1965, under the Temporary Unemployment Compensation Act of 1958.

² Transfers to State accounts due to excess collections, in repayment of allowances under the Temporary Unemployment Compensation Act of 1958.

³ Consists of repayments of \$4,351,624.79 made before Nov. 10, 1965, under the Temporary Unemployment Compensation Act of 1958 and \$216,095.17 transferred from the Employment Security Administration account due to excess collections resulting from reduced tax credits.

⁴ Consists of repayments of \$6,017,099.49 made before Nov. 10, 1965, under the Temporary Unemployment Compensation Act of 1958 and \$120,502.43 transferred from the Employment Security Administration account due to excess collections resulting from reduced tax credits.

⁵ Consists of repayments of \$8,700,000 made before Nov. 10, 1965, pursuant to the provisions of title XII, sec. 1201 of the Social Security Act, as amended, and \$17,400,000 as partial repayment of advances due under the Temporary Unemployment Compensation Act of 1958.

⁶ Consists of repayments of \$12,700,000 made before Nov. 10, 1965, pursuant to the provisions of title XII, sec. 1201 of the Social Security Act, as amended, and \$25,400,000 as partial repayment of advances due under the Temporary Unemployment Compensation Act of 1958.

⁷ Includes advances from railroad retirement account of \$40,895,000.

⁸ Includes repayment to the railroad retirement account of \$81,530,000 principal and \$10,936,915.57 interest.

⁹ Transferred to railroad unemployment insurance account in accordance with sec. 11(d) of the Railroad Unemployment Insurance Act.

TABLE 83.—U.S. Government life insurance fund, June 30, 1966

[This trust fund operates in accordance with the provisions of the act of June 7, 1924, as amended (38 U.S.C. 755). For further details, see annual report of the Secretary for 1941, p. 142]

I. RECEIPTS AND EXPENDITURES (EXCLUDING INVESTMENT TRANSACTIONS)

	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Premiums and other receipts.....	\$2,090,292,448.31	\$13,859,564.18	\$2,104,152,012.49
Interest and profits on investments.....	1,232,423,273.68	33,210,367.38	1,265,633,640.96
Payments from general fund ¹	-335,508.34	85,072.23	-250,436.11
Total receipts.....	3,322,380,213.55	47,155,003.79	3,369,535,217.34
Expenditures:			
Benefit payments, dividends, and funds.....	2,361,820,368.96	68,938,651.10	2,430,759,020.06
Balance.....	960,559,844.59	-21,783,647.31	938,776,197.28

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1965	Fiscal year 1966, increase, or decrease (-)	June 30, 1966
Investments in public debt securities:			
Special issues, U.S. Government life insurance fund series maturing June 30:			
Treasury notes:			
4½% of 1971.....		\$77,986,000.00	\$77,986,000.00
Treasury bonds:			
3¼% of 1966.....	\$73,100,000.00	-73,100,000.00	
3¼% of 1966.....	670,000.00	-670,000.00	
3¼% of 1967.....	73,100,000.00		73,100,000.00
3¼% of 1967.....	670,000.00		670,000.00
3¼% of 1968.....	73,100,000.00		73,100,000.00
3¼% of 1968.....	670,000.00		670,000.00
3¼% of 1969.....	73,100,000.00		73,100,000.00
3¼% of 1969.....	670,000.00		670,000.00
3¼% of 1970.....	73,100,000.00		73,100,000.00
3¼% of 1970.....	670,000.00		670,000.00
3¼% of 1971.....	73,100,000.00		73,100,000.00
3¼% of 1971.....	670,000.00		670,000.00
3¼% of 1972.....	73,100,000.00		73,100,000.00
3¼% of 1972.....	670,000.00		670,000.00
3¼% of 1973.....	73,100,000.00		73,100,000.00
3¼% of 1973.....	670,000.00		670,000.00
3¼% of 1974.....	73,100,000.00		73,100,000.00
3¼% of 1974.....	670,000.00		670,000.00
3¼% of 1975.....	73,770,000.00		73,770,000.00
3¼% of 1976.....	67,799,000.00		67,799,000.00
3¼% of 1976.....	5,971,000.00		5,971,000.00
3¼% of 1977.....	49,963,000.00		49,963,000.00
3¼% of 1977.....	23,807,000.00		23,807,000.00
3¼% of 1978.....	48,214,000.00		48,214,000.00
Total special issues.....	933,454,000.00	4,216,000.00	937,670,000.00
Investment in nonguaranteed securities:			
Consolidated Federal farm loan bonds:			
4% of 1965.....	25,000,000.00	-25,000,000.00	
Total investments.....	958,454,000.00	-20,784,000.00	937,670,000.00
Undisbursed balance.....	2,105,844.59	-999,647.31	1,106,197.28
Total assets.....	960,559,844.59	-21,783,647.31	938,776,197.28

¹ Included under premiums and other receipts prior to fiscal 1962. Negative amounts result from adjustments of prior years' receipts.

NOTE.—Policy loans outstanding on basis of information furnished by the Veterans' Administration amounted to \$83,618,512.42 as of June 30, 1966.

Federal Aid to States

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966

[On a checks-issued basis except where this detail is not available for all payments. Wherever feasible adjustment to a checks-issued basis has been made, footnoted, and reported under "Adjustments or undistributed to States"]

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS

States, Territories, etc.	Department of Agriculture				
	Basic scientific research grants ¹	Commodity Credit Corporation	Cooperative agricultural extension work	Cooperative projects in marketing ³	Cooperative State research service
		Price support donations ²			
	(1)	(2)	(3)	(4)	(5)
Alabama.....	\$76,641	\$3,249,310	\$2,470,755	\$63,767	\$1,384,423
Alaska.....	11,000	112,680	209,622	15,500	330,123
Arizona.....	43,000	1,429,527	525,317	7,000	608,068
Arkansas.....	120,800	2,969,392	1,987,258	33,578	1,094,940
California.....	152,611	4,880,787	2,076,293	149,810	1,480,028
Colorado.....	12,500	1,052,225	840,606	50,535	788,649
Connecticut.....	58,993	721,249	455,160	20,419	572,675
Delaware.....		440,689	227,524	24,000	412,766
District of Columbia.....		164,355			
Florida.....	62,839	3,328,687	1,074,797	109,537	783,411
Georgia.....	130,975	3,981,628	2,666,594	41,941	1,488,720
Hawaii.....	11,000	294,845	352,914	42,800	445,918
Idaho.....		356,502	619,317	20,304	617,008
Illinois.....	90,274	4,114,256	2,280,453	51,400	1,372,703
Indiana.....	138,909	2,306,160	1,944,638	115,700	1,204,593
Iowa.....	252,477	2,208,414	2,070,051	73,600	1,265,622
Kansas.....	46,200	1,268,985	1,415,864	119,891	878,366
Kentucky.....	22,900	3,749,158	2,565,484	99,500	1,412,890
Louisiana.....	56,840	3,029,302	1,615,399	119,176	981,362
Maine.....	4,000	500,002	521,650	64,750	650,019
Maryland.....	19,755	1,579,438	805,777	74,411	749,871
Massachusetts.....	26,296	2,566,627	601,571	70,999	685,153
Michigan.....	26,500	4,021,946	2,129,159	168,157	1,543,966
Minnesota.....	49,110	1,978,996	2,001,214	80,878	1,187,825
Mississippi.....	48,000	6,503,901	2,636,047	107,216	1,336,960
Missouri.....	4,425	2,613,079	2,251,188	114,550	1,229,731
Montana.....	26,730	405,987	638,551	21,293	630,190
Nebraska.....	58,350	910,498	1,199,271	25,950	859,387
Nevada.....		132,316	267,801		398,316
New Hampshire.....	53,600	353,439	315,890	16,839	469,346
New Jersey.....	56,323	1,303,034	661,608	79,489	725,647
New Mexico.....	36,000	1,188,384	506,421	45,760	517,204
New York.....	120,771	10,247,286	2,241,645	169,442	1,601,069
North Carolina.....	176,969	3,932,232	3,531,460	149,999	2,048,647
North Dakota.....	16,410	513,835	862,514	50,151	713,738
Ohio.....	201,189	4,087,080	2,622,624	41,104	1,449,416
Oklahoma.....	54,000	5,056,473	1,682,049	97,666	966,365
Oregon.....	67,558	1,369,196	805,232	83,472	862,839
Pennsylvania.....	127,243	5,991,017	2,756,193	63,275	1,717,011
Rhode Island.....		284,342	203,248	4,060	406,228
South Carolina.....	34,026	1,164,084	1,955,331	32,568	1,095,125
South Dakota.....	20,000	660,403	811,587	18,550	653,348
Tennessee.....	5,000	2,927,601	2,588,405	60,010	1,413,965
Texas.....	130,370	5,290,770	4,076,075	70,772	1,827,681
Utah.....	33,250	784,641	480,274	21,221	597,358
Vermont.....	8,200	318,466	368,806	23,708	430,870
Virginia.....	6,950	1,989,599	2,154,837	102,747	1,237,208
Washington.....	62,979	2,359,915	921,270	59,780	974,316
West Virginia.....		2,438,401	1,376,686	64,673	913,313
Wisconsin.....	173,118	2,073,850	1,951,776	73,751	1,229,171
Wyoming.....	14,772	235,423	392,739	5,230	486,709
Puerto Rico.....		8,286,070	1,930,697		1,272,583
Virgin Islands.....		104,280			
Other Territories, etc. ⁴		205,785			
Adjustments or undistributed to States.....		⁵ -9,233,052	⁶ 11,227,621	193,150	⁷ 297,917
Total.....	2,949,853	114,853,495	84,995,323	3,414,074	50,300,752

Footnotes at end of table.

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TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Agriculture—Continued				
	Food stamp program ^a	Forest protection, utilization, and restora- tion ^b	National forest and school funds- shared revenues ¹⁰	National grasslands- shared revenues	Removal of surplus agricultural commodities
	(6)	(7)	(8)	(9)	Value of commodities distributed ¹¹
Alabama.....	\$1,533,350	\$447,834			\$3,765,317
Alaska.....	10,594	76,740	\$217,232		130,574
Arizona.....			573,531		1,656,543
Arkansas.....	1,517,517	441,791	809,463	\$437	3,440,947
California.....	1,590,011	1,161,302	5,061,360	469	5,655,882
Colorado.....	1,010,281	113,000	196,259	22,737	1,219,324
Connecticut.....	173,893	28,228			835,787
Delaware.....		19,241			510,673
District of Columbia.....	1,143,377				190,456
Florida.....		765,485	185,039	22,278	3,857,301
Georgia.....	308,482	746,141	247,039		4,613,931
Hawaii.....	46,766	77,089			341,668
Idaho.....		254,560	1,054,679	2,210	413,116
Illinois.....	6,375,959	183,949	22,092		4,767,621
Indiana.....	680,554	104,215	4,965		2,672,390
Iowa.....	102,226	116,940		125	2,559,123
Kansas.....	151,916	148,000		41,005	1,470,507
Kentucky.....	4,304,174	379,870	87,641	2,023	4,344,544
Louisiana.....	4,723,833	505,606	258,135		3,510,371
Maine.....	1,927	521,096	4,981		579,406
Maryland.....	61,034	218,330		1,722	1,830,261
Massachusetts.....		121,022			2,974,221
Michigan.....	3,775,651	698,342	170,319	2,746	4,660,652
Minnesota.....	1,246,144	596,576	253,605		2,293,271
Mississippi.....	1,976,949	550,094	781,497		7,536,755
Missouri.....	1,571,270	430,403	102,767	1,303	3,028,050
Montana.....	184,953	202,401	1,146,457		470,459
Nebraska.....	105,811	67,678	13,734	4,442	1,055,090
Nevada.....		95,625	40,018		153,329
New Hampshire.....		169,241	72,935		409,567
New Jersey.....	16,219	221,686			1,509,962
New Mexico.....	1,322,334	116,745	180,759	4,987	1,377,106
New York.....	604,796	459,804		1,499	11,874,610
North Carolina.....	1,676,600	703,279	199,657		4,556,692
North Dakota.....		45,751	66	221,973	596,434
Ohio.....	9,441,659	225,932	9,718	1,366	4,736,132
Oklahoma.....		223,268	107,996	5,459	5,859,469
Oregon.....	642,214	567,130	15,614,590	2,480	1,586,632
Pennsylvania.....	7,499,580	538,854	261,350	5,966	6,942,423
Rhode Island.....	376,023	19,444			329,496
South Carolina.....	714,288	556,288	522,877		1,345,946
South Dakota.....		93,656	65,392	37,398	765,278
Tennessee.....	4,237,503	462,418	84,630		3,392,519
Texas.....	303,353	482,989	589,950	10,896	6,130,973
Utah.....	205,035	68,538	111,319		909,247
Vermont.....	82,724	157,910	95,402		369,041
Virginia.....	707,147	426,134	115,957	828	2,305,559
Washington.....	275,126	717,140	5,685,490		2,734,682
West Virginia.....	4,406,976	334,808	288,960		2,883,572
Wisconsin.....	644,362	769,047	133,673		2,403,188
Wyoming.....	162,676	98,042	123,025	34,692	272,809
Puerto Rico.....		24,979	1,500		9,601,943
Virgin Islands.....					120,840
Other Territories, etc. ¹					238,465
Adjustments or undistributed to States.....	-562,257				⁸ -31,748,647
Total.....	65,353,030	16,525,641	35,495,959	429,041	112,043,507

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Agriculture—Continued				Department of Commerce
	Rural water and waste disposal grants	School lunch program ^{11 12}	Special milk program ¹³	Watershed protection, flood prevention, and resource conservation and development ¹⁴	Bureau of Public Roads
					Appalachian highways
	(11)	(12)	(13)	(14)	(15)
Alabama.....		\$6, 152, 404	\$1, 663, 409	\$1, 165, 733	\$499, 120
Alaska.....		196, 598	35, 392		
Arizona.....		1, 708, 855	490, 111	892, 929	
Arkansas.....	¹⁵ \$2, 200	3, 416, 682	1, 187, 565	2, 482, 818	
California.....		8, 675, 706	8, 797, 435	5, 218, 721	
Colorado.....		2, 019, 101	931, 972	550, 624	
Connecticut.....		1, 606, 964	1, 316, 159	1, 894, 581	
Delaware.....		454, 718	324, 317	199, 951	
District of Columbia.....		254, 540	892, 502		
Florida.....		7, 405, 676	1, 568, 880	702, 847	
Georgia.....		8, 301, 311	1, 317, 890	3, 877, 557	27, 142
Hawaii.....		1, 467, 579	186, 576	1, 327, 791	
Idaho.....		923, 881	233, 540	147, 713	
Illinois.....		6, 320, 615	6, 441, 536	151, 012	
Indiana.....	15, 000	4, 737, 005	2, 678, 740	939, 729	
Iowa.....		3, 801, 076	1, 848, 907	1, 523, 014	
Kansas.....		2, 504, 319	1, 141, 918	4, 802, 343	
Kentucky.....		5, 397, 997	1, 967, 999	1, 819, 189	4, 487, 548
Louisiana.....		7, 791, 853	630, 226	793, 463	
Maine.....		1, 048, 796	463, 229	82, 410	
Maryland.....		2, 588, 642	1, 998, 762	406, 195	59, 210
Massachusetts.....		4, 538, 161	3, 231, 282	229, 145	
Michigan.....		4, 943, 208	5, 555, 916	462, 466	
Minnesota.....		4, 610, 271	2, 629, 498	365, 178	
Mississippi.....	10, 000	5, 026, 179	1, 436, 323	7, 983, 695	
Missouri.....	4, 000	4, 761, 001	2, 156, 836	782, 118	
Montana.....		638, 461	197, 867		
Nebraska.....		1, 419, 032	642, 530	1, 541, 764	
Nevada.....		192, 128	130, 544	4, 429	
New Hampshire.....		605, 581	474, 812	322, 194	
New Jersey.....		2, 844, 177	3, 599, 629	114, 686	
New Mexico.....		1, 418, 224	722, 394	208, 426	
New York.....		12, 394, 904	9, 823, 906	392, 706	
North Carolina.....	9, 000	8, 649, 350	2, 343, 883	845, 359	47, 158
North Dakota.....		922, 590	367, 944		
Ohio.....		8, 370, 280	6, 128, 713	695, 348	120, 354
Oklahoma.....	44, 000	2, 777, 679	1, 024, 178	9, 403, 911	
Oregon.....		1, 759, 282	466, 729	526, 397	
Pennsylvania.....	7, 000	8, 193, 127	4, 476, 739	480, 733	1, 654, 363
Rhode Island.....		379, 928	428, 835		
South Carolina.....		5, 234, 684	702, 652	604, 908	
South Dakota.....		711, 796	387, 773	124, 175	
Tennessee.....		5, 725, 798	1, 936, 643	1, 372, 156	285, 551
Texas.....		9, 497, 053	4, 074, 210	8, 120, 537	
Utah.....		1, 502, 429	365, 264	459, 407	
Vermont.....		313, 604	190, 320	2, 167	
Virginia.....		4, 863, 547	1, 460, 102	1, 645, 987	897, 153
Washington.....		2, 412, 120	1, 232, 043	412, 240	
West Virginia.....	5, 000	2, 437, 304	585, 800	2, 397, 102	799, 041
Wisconsin.....		3, 921, 439	3, 466, 255	740, 595	
Wyoming.....		331, 508	126, 092	155, 032	
Puerto Rico.....		4, 462, 478		69, 531	
Virgin Islands.....		149, 832			
Other Territories, etc. ⁴		155, 128			
Adjustments or undistributed to States.....		⁴ 2, 054, 605	-5, 629		
Total.....	96, 200	194, 991, 202	96, 477, 148	69, 441, 012	8, 876, 640

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Commerce—Continued				Department of Defense
	Bureau of Public Roads—Continued		Economic Development Administration ¹⁷	State Technical Services	Army Civil defense
	Highway trust fund (16)	Other ¹⁶ (17)			
Alabama.....	\$92,656,990	\$28,967	\$71,004	\$25,000	\$384,333
Alaska.....	42,429,834	2,557,799	-----	25,000	119,880
Arizona.....	64,442,719	1,439,029	-----	25,000	152,514
Arkansas.....	51,982,025	567,495	485,530	25,000	259,952
California.....	338,945,237	4,095,706	51,750	57,432	3,355,149
Colorado.....	52,246,793	2,160,052	-----	25,000	255,864
Connecticut.....	51,515,115	287,907	-----	25,000	141,226
Delaware.....	20,422,189	-----	-----	25,000	85,380
District of Columbia.....	20,011,830	57,230	314,500	-----	119,827
Florida.....	85,318,729	109,683	-----	25,000	641,818
Georgia.....	79,709,829	536,097	314,316	25,000	537,308
Hawaii.....	18,225,246	-----	-----	25,000	208,669
Idaho.....	26,967,881	4,536,920	-----	-----	70,810
Illinois.....	140,186,329	95,180	42,384	25,000	353,723
Indiana.....	89,716,003	31,846	99,770	-----	100,176
Iowa.....	55,890,223	173,520	-----	25,000	564,788
Kansas.....	47,374,604	34,310	-----	40,000	222,379
Kentucky.....	63,120,010	220,480	568,843	25,000	132,876
Louisiana.....	77,971,406	11,204	-----	25,000	336,026
Maine.....	26,484,116	120,484	12,750	25,000	365,243
Maryland.....	36,703,997	11,069	80,733	25,000	453,843
Massachusetts.....	71,850,886	-----	-----	25,000	651,643
Michigan.....	143,144,788	323,497	178,671	25,000	493,608
Minnesota.....	101,275,092	372,652	2,013,591	25,000	463,019
Mississippi.....	53,013,676	52,658	-----	25,000	181,797
Missouri.....	128,588,477	264,594	55,000	25,000	360,253
Montana.....	49,143,736	2,412,104	-----	25,000	113,946
Nebraska.....	35,943,737	112,254	-----	25,000	203,246
Nevada.....	34,099,588	1,256,803	-----	24,230	169,718
New Hampshire.....	17,383,173	364,135	-----	25,000	112,739
New Jersey.....	64,801,914	-----	-----	25,000	384,564
New Mexico.....	60,577,150	1,824,017	-----	25,000	67,708
New York.....	177,856,068	-----	-----	23,500	4,483,177
North Carolina.....	53,417,969	1,170,097	84,971	25,000	416,089
North Dakota.....	23,338,900	104,153	3,776	25,000	103,609
Ohio.....	211,910,048	593,859	180,435	25,000	278,838
Oklahoma.....	47,206,033	1,506,405	154,102	25,000	348,691
Oregon.....	71,595,342	4,583,732	147,497	11,220	79,293
Pennsylvania.....	191,711,482	70,761	72,537	25,000	560,396
Rhode Island.....	13,578,470	-----	-----	25,000	132,714
South Carolina.....	39,580,229	94,730	47,532	25,000	231,982
South Dakota.....	31,816,345	831,372	-----	25,000	285,203
Tennessee.....	101,619,220	779,425	149,767	47,800	164,578
Texas.....	182,884,262	120,100	-----	47,465	444,943
Utah.....	53,192,099	3,354,335	-----	39,000	75,541
Vermont.....	29,201,198	181,212	-----	25,000	143,284
Virginia.....	147,957,001	140,969	81,860	25,000	302,205
Washington.....	91,706,228	2,310,651	30,000	25,000	323,732
West Virginia.....	67,567,843	577,997	1,627,429	25,000	89,003
Wisconsin.....	48,017,602	289,210	20,500	25,000	412,950
Wyoming.....	36,526,359	1,808,319	-----	25,000	109,356
Puerto Rico.....	8,617,503	-----	-----	25,000	151,112
Virgin Islands.....	-----	-----	-----	25,000	7,804
Other Territories, etc. ¹	-----	-----	-----	-----	22,904
Adjustments or undistributed to States.....	¹⁸ 52,299,901	-----	-----	-----	-----
Total.....	3,923,743,424	42,575,019	6,889,248	1,340,647	21,231,421

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Defense— Continued		Federal Aviation Agency	Federal Power Commission	Funds appropriated to the President
	Army—Continued				
	Flood control lands— shared revenues	National Guard centers, construc- tion ²⁰			
	(21)	(22)	Federal airport program ^{20 21}	Payments to States under Federal Power Act—shared revenues	Accelerated public works program ²²
	(21)	(22)	(23)	(24)	(25)
Alabama.....	\$2,736	\$14,600	\$3,437,492	\$2,034	\$2,665,354
Alaska.....	—	9,762	3,499,307	419	597,115
Arizona.....	210	1,154	392,583	397	4,198
Arkansas.....	88,738	—	349,557	4	1,515,174
California.....	86,262	142,740	6,604,799	31,310	1,647,732
Colorado.....	7,728	—	328,339	480	31,107
Connecticut.....	1,195	—	251,980	—	578,089
Delaware.....	3,406	1,035	2,772	—	129,739
District of Columbia.....	—	—	—	—	—
Florida.....	7,285	28,309	3,555,923	3	616,642
Georgia.....	45,270	643,507	1,471,333	36	1,271,575
Hawaii.....	—	17,631	366,701	—	671,485
Idaho.....	151	2,879	280,160	8,578	93,328
Illinois.....	82,657	—	3,350,617	—	1,105,694
Indiana.....	5,884	23,141	1,872,931	—	1,017,782
Iowa.....	202,925	—	998,507	—	40,014
Kansas.....	225,619	—	507,565	—	68,071
Kentucky.....	37,684	225,386	1,299,444	—	5,747,016
Louisiana.....	19,423	7,208	706,074	—	4,639,003
Maine.....	—	—	115,990	—	290,646
Maryland.....	120	10,000	946,767	—	288,578
Massachusetts.....	2,953	13,419	494,863	—	3,443,646
Michigan.....	3,684	157,725	2,418,666	105	5,122,068
Minnesota.....	7,545	215,044	736,603	11	669,736
Mississippi.....	116,783	500,102	506,054	24	999,233
Missouri.....	137,177	47,477	1,607,231	—	757,393
Montana.....	6,312	—	593,818	10,738	70,056
Nebraska.....	44,172	—	698,262	—	56,009
Nevada.....	—	—	603,868	903	18,750
New Hampshire.....	1,922	225	279,664	—	259,409
New Jersey.....	1,753	—	—33,818	—	6,238,178
New Mexico.....	82	—	532,736	3	173,142
New York.....	1,221	257,197	1,571,168	—	5,502,332
North Carolina.....	2,225	31,431	459,072	31	2,417,139
North Dakota.....	135,542	5,886	373,269	—	35,957
Ohio.....	14,364	109,456	1,044,282	—	4,134,563
Oklahoma.....	277,582	102,832	1,433,825	—	1,056,406
Oregon.....	27,531	—	107,488	8,400	251,667
Pennsylvania.....	6,340	165,756	2,756,923	2	11,472,582
Rhode Island.....	—	—	81,730	—	2,628,412
South Carolina.....	6,862	—	317,285	193	928,143
South Dakota.....	52,042	3,750	100,750	—	184,283
Tennessee.....	38,136	—105	1,057,522	—	2,031,372
Texas.....	232,819	—	3,001,135	—	1,544,841
Utah.....	—	500	242,944	852	198,280
Vermont.....	144	—	65,496	—	162,191
Virginia.....	10,996	149,830	952,525	16	856,291
Washington.....	9,957	—	364,342	5,476	552,723
West Virginia.....	848	29,376	36,897	3	6,679,168
Wisconsin.....	3,022	20,699	798,279	491	457,498
Wyoming.....	—	105,772	84,478	102	109,472
Puerto Rico.....	—	—	253,348	13	4,966,048
Virgin Islands.....	—	—	109,779	—	44,706
Other Territories, etc. ¹	—	—	—	—	2,691
Adjustments or undistributed to States.....	—	—	—	—	—
Total.....	1,959,307	3,043,724	53,989,325	70,624	87,032,727

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Funds appropriated to the President—Continued				
	Disaster relief, and State and local preparedness ²³	Office of Economic Opportunity			
		Adult basic education ²⁴	Community action programs ²⁵	Neighborhood Youth Corps ²⁶	Work experience and training programs ²⁴
	(26)	(27)	(28)	(29)	(30)
Alabama.....	\$18,370	\$744,267	\$6,551,326	\$5,114,544	-----
Alaska.....	37,261,084	12,000	931,591	1,273,251	\$98,188
Arizona.....	6,437	435,499	6,112,296	3,187,914	193,063
Arkansas.....	29,602	406,000	4,039,224	5,337,123	1,933,637
California.....	20,366,889	1,052,180	38,348,403	21,690,739	4,513,649
Colorado.....	12,306,947	159,000	2,940,687	2,012,789	2,958,127
Connecticut.....	10,132	397,974	5,598,471	2,450,769	951,242
Delaware.....	18,840	57,000	853,029	320,706	39,158
District of Columbia.....	11,466	174,214	8,691,343	3,482,293	2,412,700
Florida.....	5,646,757	354,993	8,692,914	6,873,640	1,012,851
Georgia.....	141,802	846,268	9,712,377	5,897,162	1,197,177
Hawaii.....	5,613	191,580	1,549,961	828,092	45,577
Idaho.....	596,201	-----	367,647	421,226	210,526
Illinois.....	2,542,625	810,000	17,668,602	11,128,979	134,647
Indiana.....	1,094,695	152,592	3,859,877	2,974,908	609,882
Iowa.....	3,055,772	227,074	1,553,827	897,498	710,988
Kansas.....	1,078,745	139,135	1,767,675	1,469,504	-----
Kentucky.....	409,876	925,224	10,497,235	5,693,729	17,063,025
Louisiana.....	29,037,665	1,773,666	5,982,617	4,049,512	840,590
Maine.....	15,196	109,880	513,382	1,285,218	569,250
Maryland.....	4,055	10,261	2,443,014	3,003,628	445,411
Massachusetts.....	27,863	387,390	7,068,074	5,025,990	2,659,094
Michigan.....	290,278	615,411	16,907,815	6,543,361	2,600,046
Minnesota.....	7,291,503	72,114	4,158,901	4,650,238	2,788,046
Mississippi.....	106,926	21,479	10,410,997	5,743,989	899,594
Missouri.....	1,877,681	404,556	8,886,278	5,791,856	687,701
Montana.....	1,094,172	11,629	1,024,891	1,208,425	42,173
Nebraska.....	384,386	100,000	444,612	708,425	507,000
Nevada.....	108,961	100,000	410,276	859,205	724,787
New Hampshire.....	14,342	80,000	479,448	306,346	-----
New Jersey.....	941,357	1,196,469	7,664,727	7,795,072	2,272,225
New Mexico.....	914,080	111,400	3,733,429	2,278,449	1,387,941
New York.....	48,469	1,341,678	30,537,663	23,284,696	1,465,541
North Carolina.....	8,909	1,133,924	8,708,172	7,325,979	186,103
North Dakota.....	233,553	-----	980,103	689,279	380,297
Ohio.....	366,236	681,000	13,059,218	10,181,221	3,128,261
Oklahoma.....	20,440	449,300	3,337,317	6,993,307	1,182,083
Oregon.....	2,233,394	47,616	2,877,868	1,598,744	544,070
Pennsylvania.....	-----	559,241	16,343,002	12,631,989	915,326
Rhode Island.....	580	106,168	1,751,724	1,687,297	312,821
South Carolina.....	18,243	949,369	3,364,952	3,439,213	103,665
South Dakota.....	507,922	12,700	1,393,216	828,092	4,267
Tennessee.....	19,042	761,477	6,877,377	6,306,421	394,938
Texas.....	235,085	1,571,538	15,905,796	13,519,914	245,012
Utah.....	8,000	98,823	1,006,619	1,340,284	233,397
Vermont.....	23,770	114,800	462,587	516,959	158,906
Virginia.....	30,484	40,000	5,607,534	4,334,318	-----
Washington.....	1,397,617	77,493	2,594,482	3,309,974	605,968
West Virginia.....	23,481	417,293	5,603,944	3,427,247	2,504,973
Wisconsin.....	368,080	10,000	2,376,235	1,548,484	2,030,987
Wyoming.....	23,175	70,000	209,628	332,673	1,204,587
Puerto Rico.....	187,017	560,239	4,022,456	5,286,863	8,277,219
Virgin Islands.....	2,273	40,480	123,160	447,552	68,854
Other Territories, etc. ¹	81,975	8,000	87,279	-----	-----
Adjustments or undistributed to States.....	-----	-----	-----	-----	-----
Total.....	132,548,063	21,130,384	326,085,278	239,332,879	74,356,730

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Health, Education, and Welfare				
	Administra- tion on Aging	American Printing House for the Blind	Office of Education		
			Colleges of agricultural and the mechanical arts	Construction	
				Assistance to public schools	Higher educational facilities
	(31)	(32)	(33)	(34)	(35)
Alabama.....		\$18,171	\$277,647	\$920,313	\$28,192
Alaska.....		201	205,376	943,598	1,000
Arizona.....		8,483	230,951	603,196	
Arkansas.....	\$78,500	10,541	242,458	115,520	28,260
California.....	81,500	88,897	573,580	6,683,459	65,000
Colorado.....	24,715	11,847	241,689	2,026,151	27,238
Connecticut.....	8,500	20,380	260,260	76,319	14,000
Delaware.....	26,827	2,610	210,608		17,955
District of Columbia.....		2,309			26,252
Florida.....	135,998	27,407	317,693	3,325,304	29,639
Georgia.....	100,480	22,488	293,723	2,460,683	16,800
Hawaii.....	15,943	3,363	215,040	497,589	
Idaho.....		1,405	215,858	78,591	19,150
Illinois.....		43,921	439,618	707,098	48,000
Indiana.....		18,472	310,822	29,016	20,000
Iowa.....	8,000	13,151	265,543	8,166	49,020
Kansas.....	14,352	17,518	251,783	286,335	23,500
Kentucky.....		11,947	272,214	6,240	25,000
Louisiana.....	30,125	16,816	277,416	469,107	31,188
Maine.....		3,162	223,038	25,807	11,178
Maryland.....	54,665	24,094	273,700	3,586,479	20,553
Massachusetts.....	21,825	31,774	322,376	111,224	22,274
Michigan.....	67,600	36,593	385,949	659,289	
Minnesota.....		14,958	281,143		25,254
Mississippi.....		10,290	251,771	38,128	30,960
Missouri.....	7,250	13,954	302,677	105,606	32,925
Montana.....	1,670	2,911	216,038	275,465	23,580
Nebraska.....	3,125	5,873	233,546	717,365	20,577
Nevada.....		2,108	206,781	1,656,044	594
New Hampshire.....		4,016	214,426		10,000
New Jersey.....	60,000	38,601	344,201	263,734	25,914
New Mexico.....	14,560	4,819	222,605	1,374,638	26,602
New York.....	47,499	90,353	598,896	630,444	93,805
North Carolina.....		27,106	308,295	993,074	36,803
North Dakota.....	635	1,958	215,033	726,556	28,200
Ohio.....	40,868	42,616	430,710	732,618	26,160
Oklahoma.....	52,436	7,278	255,341	958,624	34,806
Oregon.....		13,453	242,040	111,414	12,638
Pennsylvania.....	95,350	64,652	469,049		50,000
Rhode Island.....	88,610	5,923	220,429	349,198	9,649
South Carolina.....		11,143	256,632	854,332	24,321
South Dakota.....		3,012	216,175	428,651	21,600
Tennessee.....	75,000	17,619	284,786	168,356	21,295
Texas.....	79,716	37,697	427,698	2,423,091	63,000
Utah.....	50,994	4,819	221,169	2,090,422	14,500
Vermont.....	21,245	1,155	209,267		20,000
Virginia.....		23,542	294,290	5,169,597	40,891
Washington.....	1,363	15,611	267,818	312,292	5,239
West Virginia.....		14,507	244,220		23,500
Wisconsin.....	23,372	12,951	393,929	162,565	10,000
Wyoming.....		1,656	207,845	175,995	22,667
Puerto Rico.....		4,769			10,995
Virgin Islands.....				25,143	1,931
Other Territories, etc. ¹		100	255,846		
Adjustments or undistributed to States.....					
Total.....	1,330,723	935,000	14,499,998	44,360,836	1,288,605

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued				
	Office of Education—Continued				
	Cooperative vocational education (36)	Defense educational activities (37)	Educational improvement for the handicapped (38)	Educational television (39)	Elementary and secondary educational activities (40)
Alabama.....	\$3,417,871	\$1,781,562	\$76,250	\$30,000	\$33,493,216
Alaska.....	165,860	205,546	15,000	-----	709,000
Arizona.....	1,801,914	804,394	25,800	-----	12,718,548
Arkansas.....	1,704,300	961,070	26,000	162,964	20,319,600
California.....	9,396,355	5,184,607	90,000	323,008	55,234,377
Colorado.....	132,500	1,676,663	-----	99,154	7,803,761
Connecticut.....	1,007,562	817,890	43,148	-----	7,631,907
Delaware.....	821,609	262,721	15,000	326,195	1,577,288
District of Columbia.....	740,174	163,788	-----	225,476	2,833,253
Florida.....	2,181,600	2,252,045	31,905	347,171	19,972,963
Georgia.....	4,300,791	3,344,975	53,722	50,310	31,316,978
Hawaii.....	604,868	532,229	45,300	89,440	2,596,300
Idaho.....	729,396	604,071	22,895	-----	2,758,406
Illinois.....	877,500	5,275,650	80,000	265,373	31,932,942
Indiana.....	5,949,827	2,014,563	59,732	-----	17,752,946
Iowa.....	2,910,106	1,385,747	61,000	-----	16,702,721
Kansas.....	2,829,104	1,404,610	59,769	-----	11,528,352
Kentucky.....	3,032,278	1,399,138	67,909	-----	20,789,966
Louisiana.....	3,947,424	1,013,203	75,200	93,118	7,101,378
Maine.....	1,211,399	638,418	55,163	40,590	4,749,488
Maryland.....	148,121	769,774	36,377	-----	7,132,415
Massachusetts.....	5,370,463	2,037,019	84,800	39,021	8,379,976
Michigan.....	967,270	4,024,687	93,488	72,299	25,554,746
Minnesota.....	1,772,973	1,143,060	71,597	237,417	11,097,303
Mississippi.....	2,622,155	717,444	66,235	-----	19,210,998
Missouri.....	1,506,952	524,365	62,700	57,782	21,235,812
Montana.....	694,976	540,806	35,433	-----	2,876,250
Nebraska.....	1,849,796	661,653	36,355	375,571	5,654,179
Nevada.....	570,756	181,301	31,083	-----	1,292,447
New Hampshire.....	903,340	386,392	39,600	-----	1,558,725
New Jersey.....	4,402,463	2,534,097	89,265	-----	29,507,967
New Mexico.....	1,201,576	830,495	47,800	-----	9,904,983
New York.....	7,952,061	5,348,758	88,000	231,813	58,054,597
North Carolina.....	6,084,823	2,778,531	31,850	132,000	35,923,854
North Dakota.....	990,041	549,657	43,623	-----	3,369,589
Ohio.....	5,126,840	5,389,358	31,000	235,476	29,647,134
Oklahoma.....	3,537,756	1,514,487	16,700	-----	18,752,861
Oregon.....	806,899	537,352	52,730	157,707	7,191,284
Pennsylvania.....	944,706	5,108,574	92,600	200,000	27,885,350
Rhode Island.....	1,174,446	467,233	49,242	-----	3,904,914
South Carolina.....	4,415,421	1,910,337	24,300	32,012	15,621,268
South Dakota.....	402,405	223,254	43,069	-----	4,628,610
Tennessee.....	4,243,075	1,935,757	48,570	-----	32,817,756
Texas.....	4,007,413	3,866,820	-----	-----	59,757,325
Utah.....	1,145,362	551,747	47,303	107,972	3,609,045
Vermont.....	527,364	280,967	10,350	-----	1,770,800
Virginia.....	5,067,033	2,115,210	51,000	65,130	6,920,098
Washington.....	3,630,433	371,251	32,150	255,121	8,157,967
West Virginia.....	1,871,335	1,813,737	64,072	-----	17,703,511
Wisconsin.....	924,499	2,358,954	80,450	-----	7,870,210
Wyoming.....	578,961	283,000	30,800	-----	1,509,542
Puerto Rico.....	4,940,489	1,117,057	-----	150,000	16,477,008
Virgin Islands.....	67,017	162,104	-----	-----	296,567
Other Territories, etc. ⁴	79,148	101,512	-----	-----	287,159
Adjustments or undistributed to States ²⁷	-42,217	-----	122,623	-----	-----
Total.....	128,938,290	84,859,630	2,558,458	4,402,120	815,098,640

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued				
	Office of Education—Continued				Public Health Service
	Equal education opportunities program	Higher educational activities	Library services	Maintenance and operation of schools	Air pollution
	(41)	(42)	(43)	(44)	(45)
Alabama.....	\$185,824		\$924,638	\$8,079,880	\$36,051
Alaska.....			127,328	10,468,827	
Arizona.....	5,412		352,866	6,089,488	
Arkansas.....			618,381	2,133,631	
California.....	104,260	\$546,970	1,504,585	58,256,676	141,913
Colorado.....			601,133	9,325,649	20,060
Connecticut.....		168,827	718,544	2,485,041	109,068
Delaware.....	15,000		227,300	347,664	
District of Columbia.....	12,000		371,229	4,715,110	
Florida.....	739,923	239,732	731,400	13,328,856	42,821
Georgia.....	74,902		1,096,954	8,594,857	29,790
Hawaii.....			307,475	6,839,883	24,002
Idaho.....			259,260	2,407,233	
Illinois.....			2,509,849	6,372,979	59,562
Indiana.....			521,315	2,287,630	8,623
Iowa.....		168,283	549,119	1,413,175	
Kansas.....			921,529	4,721,673	
Kentucky.....	378,973		820,124	1,922,162	298,678
Louisiana.....	7,000		625,076	2,685,976	40,086
Maine.....			449,051	2,615,228	
Maryland.....			622,181	17,235,077	297,651
Massachusetts.....	118,046		1,200,200	9,115,579	47,293
Michigan.....	144,620	301,635	1,901,459	2,846,394	27,324
Minnesota.....			967,071	696,795	7,500
Mississippi.....	32,844		640,589	2,194,661	
Missouri.....		210,623	1,113,561	4,803,019	22,933
Montana.....			371,589	2,938,076	12,572
Nebraska.....			445,671	4,032,338	
Nevada.....	81,229		279,267	2,494,609	
New Hampshire.....			226,375	1,740,093	3,170
New Jersey.....	38,200	264,810	1,201,655	7,742,127	246,910
New Mexico.....			253,189	7,473,555	13,018
New York.....	30,876	541,949	2,220,926	7,938,318	74,944
North Carolina.....	131,101	220,046	1,301,437	4,336,482	
North Dakota.....			155,706	2,032,296	6,500
Ohio.....		351,023	1,897,334	7,578,934	
Oklahoma.....			570,967	9,252,017	
Oregon.....			445,100	1,555,312	53,557
Pennsylvania.....	120,058		2,735,934	6,942,488	110,755
Rhode Island.....			319,347	2,531,561	
South Carolina.....			682,586	5,300,918	
South Dakota.....			286,338	3,257,992	
Tennessee.....	211,337		796,553	4,533,224	14,728
Texas.....	56,277	356,959	1,791,225	20,736,912	57,549
Utah.....			289,060	4,007,792	
Vermont.....			242,462	64,940	
Virginia.....	162,662	208,002	752,275	21,246,817	
Washington.....			875,403	10,691,298	
West Virginia.....		145,110	532,082	152,703	
Wisconsin.....		201,621	866,601	884,187	
Wyoming.....			207,487	1,249,678	
Puerto Rico.....			416,960		145,746
Virgin Islands.....			41,910	134,068	
Other Territories, etc.....			27,051	954,552	
Adjustments or undistributed to States ²⁷				187,247	-1,330,770
Total.....	2,650,544	3,925,590	40,914,717	333,973,677	622,043

Footnotes at end of table.

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TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued				
	Public Health Service—Continued				
	Chronic diseases and health of the aged ²⁸	Communi- cable disease activities ²⁹	Community health practice and research ³⁰	Construction	
				Hospital and health research facilities ³¹	Waste treatment works
	(46)	(47)	(48)	(49)	(50)
Alabama.....	\$474,753	\$340,363	\$309,426	\$5,486,814	\$3,324,314
Alaska.....	35,000	110,383	28,900	-----	252,583
Arizona.....	145,258	20,564	213,917	1,592,483	790,339
Arkansas.....	387,470	232,080	300,038	3,115,033	1,808,818
California.....	1,614,045	2,108,354	1,295,970	11,506,959	4,652,410
Colorado.....	609,086	228,270	300,133	1,907,464	1,751,783
Connecticut.....	339,847	139,220	178,550	984,932	464,426
Delaware.....	145,018	41,580	94,022	241,035	717,009
District of Columbia.....	166,360	127,770	103,343	2,152,241	749,600
Florida.....	888,130	713,611	795,067	6,095,552	2,110,288
Georgia.....	774,978	51,142	435,927	5,685,540	1,979,922
Hawaii.....	210,966	241,642	107,839	774,159	431,835
Idaho.....	268,774	105,263	122,488	1,087,858	244,435
Illinois.....	915,570	388,954	811,163	4,776,891	3,112,471
Indiana.....	304,853	32,635	253,383	2,860,903	1,816,966
Iowa.....	373,423	240,648	311,317	3,631,093	1,890,296
Kansas.....	219,865	265,645	243,250	2,416,359	1,059,218
Kentucky.....	551,528	355,980	399,492	7,098,375	2,118,435
Louisiana.....	354,778	317,357	390,395	4,856,159	2,126,583
Maine.....	154,444	21,200	152,087	963,949	1,132,548
Maryland.....	395,124	200,767	257,100	2,585,351	1,116,253
Massachusetts.....	640,431	465,118	442,184	3,304,209	1,515,496
Michigan.....	937,989	219,781	843,879	7,284,962	1,735,487
Minnesota.....	498,329	146,120	442,980	4,471,793	1,311,800
Mississippi.....	516,589	525,627	369,548	3,372,946	1,662,157
Missouri.....	511,238	595,878	350,514	5,755,587	2,419,905
Montana.....	256,661	85,052	131,113	974,256	554,052
Nebraska.....	81,604	63,494	204,607	1,844,441	920,705
Nevada.....	82,031	50,078	56,443	436,689	16,296
New Hampshire.....	123,890	100,578	121,497	1,235,154	1,189,583
New Jersey.....	709,921	203,212	564,138	5,207,279	2,648,044
New Mexico.....	154,981	137,444	171,952	1,253,184	806,635
New York.....	1,432,475	606,328	1,302,215	11,373,435	4,399,827
North Carolina.....	676,919	520,172	536,703	7,418,863	1,906,592
North Dakota.....	191,981	70,334	101,241	1,525,867	171,104
Ohio.....	1,128,706	254,916	849,469	8,835,088	4,106,506
Oklahoma.....	425,741	291,982	382,494	2,814,224	1,759,931
Oregon.....	272,740	184,420	422,320	1,634,430	1,654,009
Pennsylvania.....	1,411,380	906,237	1,137,068	9,947,202	2,973,957
Rhode Island.....	272,449	1,306	119,040	479,102	1,214,027
South Carolina.....	411,824	343,008	225,524	6,196,172	1,662,157
South Dakota.....	69,706	176,833	100,130	576,745	309,617
Tennessee.....	554,884	221,402	269,017	5,610,819	1,499,201
Texas.....	1,244,303	486,589	743,247	12,963,621	3,642,079
Utah.....	171,083	221,245	383,366	985,070	814,783
Vermont.....	153,813	52,112	114,201	499,378	676,270
Virginia.....	653,650	50,780	488,453	5,807,295	1,882,148
Washington.....	341,816	-----	272,168	3,018,682	1,656,235
West Virginia.....	422,540	353,026	222,213	2,118,051	1,189,583
Wisconsin.....	527,605	158,724	397,013	3,050,409	1,376,983
Wyoming.....	126,798	-----	109,368	566,443	40,739
Puerto Rico.....	712,199	554,171	235,221	5,463,729	211,844
Virgin Islands.....	133,416	58,160	42,885	-----	-----
Other Territories, etc. ⁴	112,865	-----	11,874	-----	-----
Adjustments or undistributed to States ³⁷	-3,017,172	-2,706,625	-4,162,214	-802,807	-----
Total.....	22,274,555	11,680,930	14,905,678	195,044,468	81,478,284

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued				
	Public Health Service—Continued				
	Control of tuberculosis ²²	Control of venereal disease ²³	Dental services and resources	Environmental engineering and sanitation	National Institute of Mental Health
	(51)	(52)	(53)	(54)	(55)
Alabama.....	\$312,017	\$123,530	\$20,631		\$120,841
Alaska.....	296,421	3,858			65,000
Arizona.....	245,209	89,238	11,413		64,024
Arkansas.....	174,675	91,284	11,292		68,433
California.....	811,869	616,385	57,500	\$184,169	494,641
Colorado.....	105,308	25,714	12,441	21,265	66,675
Connecticut.....	50,598	27,421	13,138	25,402	78,355
Delaware.....	36,043	21,020	12,494		67,247
District of Columbia.....	304,967	86,367	13,323		62,031
Florida.....	473,283	361,191	27,013		182,346
Georgia.....	698,389	289,319	24,346		147,601
Hawaii.....	51,413	8,100	12,498	20,400	64,704
Idaho.....	41,941	5,618	13,348	21,610	67,280
Illinois.....	285,212	279,861	30,518		296,777
Indiana.....	136,741	434	19,544		141,558
Iowa.....	88,955	9,047	13,348		86,375
Kansas.....	80,102	21,872	9,480		67,221
Kentucky.....	164,035	70,186	17,703	15,000	109,821
Louisiana.....	142,095	141,769	19,861		119,861
Maine.....	26,463	13,503	13,348	14,000	67,183
Maryland.....	328,708	77,600	13,348		101,339
Massachusetts.....	243,584		19,323		133,008
Michigan.....	478,887	178,699	31,892		246,139
Minnesota.....	109,710	50,453	8,329		107,530
Mississippi.....	298,698	53,063	12,743		89,827
Missouri.....	228,827	129,482	24,916		100,186
Montana.....	31,500	20,090	10,311		67,280
Nebraska.....	92,457	25,056	12,393		65,288
Nevada.....	128,801	20,006	9,657		56,896
New Hampshire.....	27,087		12,947		66,103
New Jersey.....	425,279	221,172	18,672	50,000	193,454
New Mexico.....	75,782	67,727	11,989		67,280
New York.....	1,040,819	813,442	56,100	50,000	491,470
North Carolina.....	266,138	266,952	18,965		168,302
North Dakota.....	58,853	28,240	8,561		67,280
Ohio.....	343,595	168,221	40,684		274,307
Oklahoma.....	160,772	52,229	13,182	29,500	78,572
Oregon.....	99,446	53,998	13,384		66,049
Pennsylvania.....	746,885	188,225	44,200	40,374	350,371
Rhode Island.....	125,318		13,338	12,020	66,295
South Carolina.....	132,707	105,693	16,008	35,000	93,177
South Dakota.....	68,520	9,881	13,348		60,254
Tennessee.....	443,363	75,619	20,792		132,385
Texas.....	471,149	286,331	50,060		322,618
Utah.....	205,083	8,814	9,424		55,781
Vermont.....	60,895	1,799	13,348		66,622
Virginia.....	297,463	93,740	20,965		143,253
Washington.....	62,881	85,963	13,348		86,339
West Virginia.....	219,942	53,568	11,007		67,280
Wisconsin.....	125,326	33,324	14,337		120,582
Wyoming.....	5,714	8,476	13,348	15,412	61,286
Puerto Rico.....	507,949	16,747	19,754		39,459
Virgin Islands.....	7,102	6,665	4,692		64,221
Other Territories, etc. ⁴	8,567		8,261		64,999
Adjustments or undistributed to States ²⁷	-2,564,299	-292,055	-235,244	-534,152	-152,908
Total.....	9,890,242	5,193,915	741,621	0	6,570,258

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued				
	Public Health Service—Continued		Vocational Rehabilitation Administration	Welfare Administration	
	Radiological health ²⁴	Water supply and pollution control		Bureau of Family Services	Children's Bureau
				Public assistance	Maternal and child health and welfare services ²⁵
	(56)	(57)	(58)	(59)	(60)
Alabama.....	\$47,549	\$96,100	\$5,398,017	\$92,944,763	\$2,904,016
Alaska.....	12,000	15,500	496,399	2,511,626	479,408
Arizona.....	6,205	87,300	2,080,602	20,935,000	980,486
Arkansas.....	26,689	62,181	5,134,600	53,698,942	1,981,792
California.....	197,582	576,665	10,430,084	568,815,463	6,397,198
Colorado.....	41,381	55,087	2,331,490	52,252,819	1,677,547
Connecticut.....	29,348	82,200	1,535,574	39,238,505	1,151,067
Delaware.....	11,694	46,177	349,219	4,920,041	488,779
District of Columbia.....	7,898	138,152	1,480,206	13,632,009	1,697,718
Florida.....	77,980	170,269	6,029,327	83,621,533	3,679,136
Georgia.....	53,108	111,824	8,456,302	91,492,216	4,573,564
Hawaii.....	15,000	38,100	870,916	8,044,118	732,246
Idaho.....	19,624	26,911	450,614	10,083,072	730,227
Illinois.....	92,640	379,834	6,228,350	156,018,028	7,283,195
Indiana.....	40,689	119,843	1,336,607	31,890,710	2,508,583
Iowa.....	26,958	62,823	2,101,648	38,711,583	2,018,702
Kansas.....	23,356	60,232	1,117,827	34,960,923	1,165,384
Kentucky.....	38,271	88,175	2,224,227	74,229,329	3,282,385
Louisiana.....	39,225	111,021	4,467,960	143,582,886	2,941,423
Maine.....	15,490	37,105	589,372	16,742,723	692,944
Maryland.....	41,046	129,255	2,466,423	43,980,887	3,071,856
Massachusetts.....	73,063	152,948	2,745,243	110,484,269	2,402,089
Michigan.....	96,703	325,340	3,832,859	107,309,502	5,195,028
Minnesota.....	40,212	112,772	2,238,361	73,085,243	2,743,370
Mississippi.....	19,025	62,980	2,452,895	48,952,968	2,248,058
Missouri.....	37,788	143,830	2,779,359	100,062,291	2,685,176
Montana.....	4,603	25,178	495,172	8,873,594	679,470
Nebraska.....	20,116	31,186	766,544	19,158,381	1,023,107
Nevada.....	4,750	15,679	584,204	4,581,292	519,783
New Hampshire.....	16,458	35,270	261,469	5,233,783	527,217
New Jersey.....	72,918	187,137	3,254,063	60,132,154	1,712,982
New Mexico.....	24,316	32,008	578,004	22,057,019	1,270,144
New York.....	223,786	469,749	11,170,837	357,798,758	5,237,919
North Carolina.....	60,026	137,084	5,645,877	78,632,427	4,571,487
North Dakota.....	16,000	35,068	727,583	11,577,146	623,282
Ohio.....	90,077	235,337	4,164,112	118,061,149	5,744,520
Oklahoma.....	24,145	75,649	2,887,578	111,529,803	1,649,529
Oregon.....	26,616	102,589	1,691,266	28,595,786	1,255,372
Pennsylvania.....	161,397	305,694	13,656,486	164,328,839	6,553,970
Rhode Island.....	16,027	58,300	1,197,348	17,316,407	844,458
South Carolina.....	22,000	83,282	3,553,331	25,949,249	2,544,575
South Dakota.....	10,459	26,809	813,551	10,105,817	470,067
Tennessee.....	22,814	62,340	3,862,121	61,130,024	3,136,805
Texas.....	97,179	208,153	5,626,002	184,522,124	6,461,787
Utah.....	16,681	50,430	711,328	15,458,555	693,418
Vermont.....	2,000	26,503	430,007	7,051,500	471,870
Virginia.....	45,089	107,467	3,812,141	29,144,369	3,337,335
Washington.....	49,374	49,029	2,243,234	58,535,889	1,900,417
West Virginia.....	22,701	82,405	4,705,109	43,035,239	1,800,318
Wisconsin.....	54,431	103,261	4,230,493	44,266,890	2,355,035
Wyoming.....	13,974	17,700	501,986	9,493,132	408,217
Puerto Rico.....	21,453	69,202	2,627,114	15,230,356	4,762,666
Virgin Islands.....			87,773	316,074	343,920
Other Territories, etc. ¹	14,000		92,472	162,443	273,187
Adjustments or undistributed to States ²⁷	-294,055	244,450	-3,475,315	-845,389	
Total.....	1,989,859	6,169,583	156,526,371	3,527,534,259	126,884,234

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued	Department of Housing and Urban Development ³⁶			
	Miscellaneous health, education, and welfare programs (61)	Low rent public housing program (62)	Open space land grants (63)	Urban mass transportation (64)	Urban planning grants (65)
Alabama.....		\$8,356,213			\$180,602
Alaska.....		221,301		\$59,153	80,855
Arizona.....	³⁷ \$4,384	564,133			50,002
Arkansas.....		2,120,648	\$20,599	287,372	285,477
California.....		8,410,325	1,598,121	1,985,683	1,855,924
Colorado.....		1,433,996		151,770	359,441
Connecticut.....		3,339,396	92,778		613,364
Delaware.....		686,519			93,890
District of Columbia.....	³⁸ 1,357,791	4,024,886	241,276	10,653	60,488
Florida.....		4,137,163		371,584	286,545
Georgia.....		9,812,476	63,000		326,139
Hawaii.....	³⁹ 845,953	1,004,827	226,461		143,491
Idaho.....		38,199			115,885
Illinois.....	³⁷ 17,065	20,803,008	2,797,619	37,365	1,022,446
Indiana.....		1,352,422			381,098
Iowa.....	³⁷ 6,823		106,382		276,474
Kansas.....	³⁷ 5,367	274,779	30,485		274,291
Kentucky.....	⁴⁰ 3,948	3,433,620	60,635		371,402
Louisiana.....		5,949,855		32,000	138,090
Maine.....		124,717	5,000		152,134
Maryland.....		4,817,805	8,293	14,535	180,400
Massachusetts.....		7,311,360	3,910		569,692
Michigan.....		4,328,118	77,663	138,731	1,040,063
Minnesota.....		2,737,400	179,208		743,167
Mississippi.....		2,118,454			60,189
Missouri.....		6,020,885			122,165
Montana.....	³⁷ 1,992	284,997			32,764
Nebraska.....		976,614			78,149
Nevada.....	³⁷ 568	466,535			37,512
New Hampshire.....		753,534			351,872
New Jersey.....	³⁷ 9,918	15,681,414	357,405		647,725
New Mexico.....	³⁷ 3,471	300,752		573,060	156,095
New York.....		40,884,422	127,707	383,659	1,293,575
North Carolina.....		3,949,443			404,778
North Dakota.....	⁴¹ 3,369	94,617			61,831
Ohio.....	³⁷ 23,191	8,465,634	570,191	939,566	1,853,833
Oklahoma.....		14,624	128,498		218,778
Oregon.....		483,205	191,349		432,698
Pennsylvania.....		14,245,468	7,500	6,256,243	642,640
Rhode Island.....	³⁷ 10,461	1,954,492	5,350		316,083
South Carolina.....		1,223,965	22,500		49,000
South Dakota.....		71,167	5,775		202,369
Tennessee.....		6,587,304	167,916	57,323	279,904
Texas.....		9,337,811	29,050		408,619
Utah.....	³⁷ 3,248		89,265		85,342
Vermont.....					87,389
Virginia.....	⁴⁰ 2,112	4,433,836	122,149	69,754	89,109
Washington.....		1,301,111	61,305	1,119,885	522,686
West Virginia.....	³⁷ 5,704	646,966	4,086	6,410	303,644
Wisconsin.....		1,088,756	510,687		666,958
Wyoming.....					20,866
Puerto Rico.....		8,163,422			271,100
Virgin Islands.....		683,565			7,825
Other Territories, etc. ⁴					113,259
Adjustments or undistributed to States ³⁷	⁴⁰ -1,529			⁴² 2,877,870	
Total.....	2,303,836	225,516,159	7,912,163	15,372,621	20,050,117

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Housing and Urban Development ^{3a} Continued	Department of the Interior			
	Urban renewal (66)	Bureau of Indian Affairs ⁴³ (67)	Commercial fisheries research and development (68)	Certain special funds-shared revenues ⁴⁴ (69)	Fish and wildlife restoration and management ⁴⁵ (70)
Alabama.....	\$4,562,953			\$920	\$497,702
Alaska.....	5,762,150	\$793,340		3,991	888,311
Arizona.....		3,791,163		357,517	551,696
Arkansas.....	4,619,529			903	339,448
California.....	7,311,903			133,561	901,511
Colorado.....	557,579	116,577		34,266	896,806
Connecticut.....	19,995,009				144,769
Delaware.....	15,000				124,092
District of Columbia.....	103,081				
Florida.....	2,363,928	24,200	\$69,293	116	431,401
Georgia.....	7,434,120		20,150		380,152
Hawaii.....	2,074,515		1,648		148,741
Idaho.....		182,751	2,332	58,744	391,786
Illinois.....	14,592,319				519,139
Indiana.....	6,112,594				402,141
Iowa.....	1,540,116	66,363			336,607
Kansas.....	6,081,115	9,300	2,479	1	532,769
Kentucky.....	3,385,176				366,800
Louisiana.....	455,724				214,889
Maine.....	1,166,485		26,744		218,803
Maryland.....	5,691,219				191,244
Massachusetts.....	17,678,486				164,437
Michigan.....	19,272,420		5,959	172	788,854
Minnesota.....	5,902,146	467,000	4,644	18	415,240
Mississippi.....	370,457		17,063		261,873
Missouri.....	4,293,611			6	569,732
Montana.....		205,305		179,592	633,268
Nebraska.....		120,000		453	595,120
Nevada.....	1,082,690	237,687		381,194	346,544
New Hampshire.....	856,632		9,852		121,747
New Jersey.....	7,470,865		98,795		196,724
New Mexico.....		2,215,517		79,496	478,969
New York.....	40,622,544				519,777
North Carolina.....	7,904,490	14,580	18,025		487,819
North Dakota.....	350,066	469,800		2,333	262,277
Ohio.....	35,744,944				994,202
Oklahoma.....	885,976	636,565		3,757	450,825
Oregon.....	249,302	23,960	43,205	20,313,253	509,138
Pennsylvania.....	48,574,819				837,612
Rhode Island.....	4,264,475				126,889
South Carolina.....	62,826		7,225		297,503
South Dakota.....		944,952		14,659	337,182
Tennessee.....	9,149,491				381,245
Texas.....	8,102,986			497	796,384
Utah.....		88,874		42,299	391,222
Vermont.....	741,546				157,139
Virginia.....	3,393,374		85,961		345,835
Washington.....	920,141	233,240	5,214	17,571	390,014
West Virginia.....	1,227,389				220,381
Wisconsin.....	1,182,471	194,000	2,937	8	632,873
Wyoming.....		45,800		143,055	589,679
Puerto Rico.....	2,540,652				14,386
Virgin Islands.....					18,678
Other Territories, etc. ⁴				10,405,984	22,787
Adjustments or undistributed to States.....					
Total.....	316,569,314	10,880,974	421,526	32,174,366	21,834,362

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of the Interior—Continued				Department of Labor
	Land and water conservation fund	Mineral Leasing Act payments—shared revenues	National wildlife refuge fund ⁴⁸	Water resources research	Manpower development and training activities
	(71)	(72)	(73)	(74)	(75)
Alabama.....		\$6,416	\$1,773	\$144,039	\$244,996
Alaska.....	\$9,310	7,683,302	309	103,250	181,959
Arizona.....	100,191	210,488		133,250	232,823
Arkansas.....		40,823	61,782	131,720	146,440
California.....	617,168	2,775,306	12,245	142,125	2,687,360
Colorado.....	12,500	3,093,132	3,184	126,121	197,916
Connecticut.....	64,000			87,500	353,406
Delaware.....			27	92,400	28,370
District of Columbia.....					54,892
Florida.....		186	3,731	87,500	323,171
Georgia.....			39,065	156,392	305,554
Hawaii.....				139,797	102,568
Idaho.....		175,429	2,782	107,500	93,578
Illinois.....	168,698		12,756	87,500	1,668,673
Indiana.....	19,000			96,047	247,179
Iowa.....	19,264		825	116,238	346,297
Kansas.....		153,431	2,179	92,041	200,841
Kentucky.....	29,150		4,623	134,797	216,182
Louisiana.....	77,036			74,664	264,120
Maine.....	360,803		6,552	87,500	71,210
Maryland.....			476	102,500	266,447
Massachusetts.....			1,136	87,500	758,602
Michigan.....		2,806	7,270	87,500	818,272
Minnesota.....	10,129		1,899	110,463	10,526
Mississippi.....		8,694	11,064	90,200	202,622
Missouri.....	352,616		255	159,168	628,861
Montana.....	38,638	2,140,603	17,780	113,330	88,901
Nebraska.....	124,058	1,341	30,213	52,297	92,702
Nevada.....	80,316	519,207	6,857	154,830	85,459
New Hampshire.....				87,500	87,552
New Jersey.....			137	113,571	915,196
New Mexico.....	190,644	11,184,721	1,715	106,527	49,264
New York.....	33,484		1,297	91,600	2,776,115
North Carolina.....	10,876		368	87,500	321,964
North Dakota.....	25,300	168,769	39,039	108,952	115,710
Ohio.....			8	111,066	988,818
Oklahoma.....	26,808	114,232	21,403	96,791	227,784
Oregon.....	128,326	2,017	53,435	92,525	258,933
Pennsylvania.....			312	116,507	1,302,284
Rhode Island.....	1,150			90,346	44,280
South Carolina.....	8,526		2,417	100,673	270,225
South Dakota.....	696	93,468	4,436	117,797	74,095
Tennessee.....	27,836		1,305	119,797	408,598
Texas.....	153,565		12,221	122,403	590,961
Utah.....		3,672,122	230	110,180	155,335
Vermont.....	268,514		218	47,150	57,898
Virginia.....	62,324		72	102,597	475,465
Washington.....	18,370	3,785	21,802	141,208	507,517
West Virginia.....	86,837			96,087	359,691
Wisconsin.....			8,274	104,547	599,025
Wyoming.....	18,133	14,894,806	152	98,210	66,201
Puerto Rico.....				42,297	157,196
Virgin Islands.....					9,492
Other Territories, etc. ⁴					8,199
Adjustments or undistributed to States.....					249,949
Total.....	3,144,256	46,945,074	402,624	5,403,000	21,997,674

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART A. FEDERAL AID PAYMENTS TO STATES AND LOCAL UNITS—Continued

States, Territories, etc.	Department of Labor—Continued	Tennessee Valley Authority	Veterans' Administration ⁴⁸	Miscellaneous	Total grant payments (Part A)
	Unemployment compensation and employment service administration (trust fund)	Shared revenues ⁴⁷			
	(76)	(77)	(78)	(79)	(80)
Alabama.....	\$3,234,262	\$2,195,969	\$800		\$314,788,474
Alaska.....	1,952,185			⁵⁰ \$5,433,401	130,482,616
Arizona.....	6,076,978		2,632		146,306,141
Arkansas.....	4,231,047		6,653		192,307,442
California.....	59,456,420		1,587,348	⁶¹ 18,253,787	1,341,652,660
Colorado.....	4,798,260		73,670		179,472,965
Connecticut.....	6,953,653		623,010		159,860,122
Delaware.....	1,091,426				37,746,012
District of Columbia.....	3,813,806		3,700	⁶² 45,860,454	123,263,241
Florida.....	9,628,877		10,650		299,418,852
Georgia.....	5,750,285	94,456	293,629		321,215,466
Hawaii.....	1,918,625			⁶³ 6,280,566	63,013,061
Idaho.....	2,804,206		73,147		62,630,204
Illinois.....	20,725,678	10,000	523,801		502,196,330
Indiana.....	7,285,458		233,927		205,668,346
Iowa.....	4,186,101		319,654		160,582,094
Kansas.....	3,251,618		64,730		141,661,606
Kentucky.....	4,554,463	1,424,666	5,644		270,395,402
Louisiana.....	5,879,041		13,087		338,537,952
Maine.....	2,194,499			⁶⁴ 136,601	69,559,350
Maryland.....	7,110,532				158,169,479
Massachusetts.....	16,420,430		777,476	⁶⁴ 153,162	300,144,329
Michigan.....	18,270,264		766,029	⁶⁵ 37,602	419,026,864
Minnesota.....	6,488,628		314,917		261,089,479
Mississippi.....	4,240,602	454,015	5,945		202,804,305
Missouri.....	8,631,631		88,412		335,136,873
Montana.....	2,317,978		40,186		86,611,194
Nebraska.....	2,474,519		207,936		90,229,470
Nevada.....	2,568,031				59,157,937
New Hampshire.....	1,903,354		38,148		40,817,211
New Jersey.....	19,897,776		265,393	⁶⁶ 20,865	270,456,054
New Mexico.....	2,801,990		4,360		145,642,767
New York.....	65,347,442		27,820	⁶⁶ 148,244	928,873,233
North Carolina.....	8,225,610	136,204	19,611		279,630,073
North Dakota.....	1,729,855		72,451		57,534,423
Ohio.....	19,601,120		483,596		549,430,623
Oklahoma.....	6,286,423		565,095		258,201,999
Oregon.....	5,667,790		2,744		184,236,464
Pennsylvania.....	31,129,681		166,118	⁶⁷ 311,867	629,168,963
Rhode Island.....	3,947,318		280,229		64,663,570
South Carolina.....	4,346,945		3,208	⁶⁸ 21,160	139,996,220
South Dakota.....	1,277,502		37,428		65,998,668
Tennessee.....	5,586,981	6,098,407	8,373		295,823,291
Texas.....	19,310,440			⁶⁴ 389,724	610,401,024
Utah.....	3,567,894				105,262,894
Vermont.....	1,477,051		51,825		49,074,363
Virginia.....	5,055,424	32,877	4,235		279,578,603
Washington.....	8,625,330		409,073	⁶⁸ 2,929	228,193,246
West Virginia.....	3,351,411		4,669		190,773,170
Wisconsin.....	6,633,549		305,418		156,392,397
Wyoming.....	1,418,398		13,958		69,978,032
Puerto Rico.....	3,931,463			⁶⁹ 69,264,434	196,166,437
Virgin Islands.....	202,377			⁶⁰ 2,100,000	16,466,129
Other Territories, etc. ⁴	41,503			⁶¹ 26,517,519	29,959,528
Adjustments or undistributed to States.....	⁴⁹ 9,757,871			⁶⁵ 25,218	17,532,086
Total.....	469,332,001	10,446,594	8,900,735	174,957,533	12,833,379,734

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES

States, Territories, etc.	Department of Agriculture						
	Agri- cultural conser- vation program	Appala- chian region conser- vation program	Commodity Credit Corporation				Conser- vation reserve program
			Cotton domestic allotment program ⁶²	Feed grain program ⁶³	Wheat program ⁶⁴	Wool act program ⁶⁵	
(81)	(82)	(83)	(84)	(85)	(86)	(87)	
Alabama.....	\$6,017,613	\$10,874	\$15,569,279	\$17,827,978	\$370,927	\$7,568	\$3,328,202
Alaska.....	51,782					31,847	
Arizona.....	1,357,961		7,613,788	3,209,501	391,389	478,332	25,400
Arkansas.....	5,009,533		14,947,749	2,730,463	440,821	12,927	2,961,261
California.....	5,134,016		7,220,567	10,929,773	3,244,524	2,645,963	603,615
Colorado.....	3,045,035			13,581,135	24,446,958	1,840,388	7,254,807
Connecticut.....	485,883			182,267	283	4,861	16,893
Delaware.....	319,145			1,273,188	166,803	1,953	98,330
District of Colum- bia.....							
Florida.....	3,087,461		463,295	5,263,555	129,773	1,389	1,730,788
Georgia.....	7,994,411	5,453	10,464,799	23,228,898	1,273,860	4,384	9,544,818
Hawaii.....	172,448					5,478	
Idaho.....	2,229,427			2,761,883	15,421,462	1,550,988	1,483,020
Illinois.....	8,340,787		20,412	104,023,304	13,486,255	494,197	929,372
Indiana.....	5,843,997			72,964,568	9,935,147	382,267	1,352,636
Iowa.....	8,629,349			195,479,598	8,003,084	1,309,346	875,873
Kansas.....	6,964,056		190	67,045,635	106,834,036	506,473	9,867,464
Kentucky.....	6,681,873		106,556	28,219,551	1,385,159	233,810	2,110,745
Louisiana.....	4,271,101		8,501,725	3,093,887	274,118	23,732	1,694,835
Maine.....	635,082			47,436	1,656	24,037	760,549
Maryland.....	1,202,853			3,398,257	788,813	24,022	250,029
Massachusetts.....	547,701			47,999	389	9,869	13,719
Michigan.....	4,797,340			31,195,766	10,109,467	388,918	2,544,953
Minnesota.....	5,306,892			99,021,617	8,242,901	836,918	8,203,785
Mississippi.....	5,761,605		24,297,559	11,849,977	298,588	16,346	1,438,357
Missouri.....	9,901,421		4,253,785	81,063,826	13,480,278	497,894	4,278,508
Montana.....	4,267,021			5,048,125	32,182,348	1,049,468	3,362,977
Nebraska.....	5,961,831			118,701,785	32,230,129	486,648	3,756,278
Nevada.....	540,442		62,456	36,486	166,653	282,767	
New Hampshire.....	496,373			3,667		5,568	124,454
New Jersey.....	699,484			3,299,549	420,901	9,074	72,575
New Mexico.....	2,057,121		2,090,786	8,297,943	3,047,940	1,086,237	5,785,353
New York.....	4,263,292	34,085		8,751,274	3,686,692	149,324	2,698,037
North Carolina.....	6,750,261	8,202	7,869,437	26,410,352	3,431,422	25,931	1,952,175
North Dakota.....	3,632,696			24,710,774	63,197,819	676,948	14,387,096
Ohio.....	6,140,840	6,153		50,393,002	12,723,344	1,058,688	1,595,829
Oklahoma.....	8,244,675		4,385,365	11,745,513	42,563,477	131,348	8,129,818
Oregon.....	2,342,951			2,511,415	11,501,591	844,924	1,065,209
Pennsylvania.....	4,753,146	26,733		11,380,179	2,590,051	212,314	1,543,435
Rhode Island.....	79,696			3,614		1,529	165
South Carolina.....	3,711,790		8,941,521	10,186,830	1,553,707	1,722	6,403,881
South Dakota.....	4,165,755			37,729,743	20,384,223	2,040,597	8,545,588
Tennessee.....	5,619,192	88,710	10,461,175	19,917,551	1,137,925	92,672	3,365,354
Texas.....	19,538,333		46,368,555	100,138,558	31,462,061	7,784,857	19,301,402
Utah.....	1,472,877			1,350,001	2,318,483	1,435,345	1,269,705
Vermont.....	1,043,988			126,070		7,879	307,694
Virginia.....	4,977,353	33,420	319,908	8,040,384	1,796,162	311,653	569,281
Washington.....	2,853,085			2,861,554	28,285,137	300,019	1,836,040
West Virginia.....	1,698,802	102,638		1,189,065	106,207	253,037	311,034
Wisconsin.....	5,572,551			40,117,847	350,766	218,172	2,704,916
Wyoming.....	2,240,413			945,087	2,179,631	2,945,018	536,714
Puerto Rico.....	910,800						
Virgin Islands.....	13,219						
Other Territories, etc. ¹							
Adjustments or undistributed to States.....	-4,463		-158			110	1,117
Total.....	207,832,301	316,268	173,958,749	1,272,336,410	508,843,360	33,645,756	150,994,086

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Agriculture—Continued					
	Cropland adjust- ment program	Cropland conversion program ²⁰	Emer- gency conser- vation measures ²⁰	Great Plains conservation program	Indemnity payments to dairy farmers	Rural housing grants ²⁰
	(88)	(89)	(90)	(91)	(92)	(93)
Alabama.....	\$74, 678	\$16, 090	\$8			
Alaska.....			7, 888			
Arizona.....			26, 547			
Arkansas.....	6, 720	18, 237	-30			
California.....	315	38, 505	1, 135, 704		\$12, 956	
Colorado.....	6, 956	37, 581	1, 786, 934	\$1, 026, 655		
Connecticut.....						
Delaware.....	1, 902					
District of Columbia.....						
Florida.....	23, 752	24, 919	103, 308			
Georgia.....	104, 444	68, 421	143, 013		10, 619	-\$300
Hawaii.....						
Idaho.....	2, 121	28, 339	538, 551		3, 631	
Illinois.....	41, 459	34, 013	78, 991		224	
Indiana.....	24, 249	31, 338	894, 311			
Iowa.....	17, 618	68, 806	155, 132		22, 163	
Kansas.....	12, 719	167, 067	327, 138	953, 838	72, 934	
Kentucky.....	11, 187	5, 672	69, 472			
Louisiana.....	3, 069	77, 979	312, 245			
Maine.....	845	107, 013	28, 454			
Maryland.....	2, 433				56, 809	
Massachusetts.....		668				
Michigan.....	11, 649	5, 343	18, 607			
Minnesota.....	15, 095	79, 506	189, 199			
Mississippi.....	4, 879	5, 353	142, 066		2, 814	
Missouri.....	66, 835	82, 409	527, 879		1, 650	
Montana.....		42, 015	237, 073	695, 850		
Nebraska.....	102, 658	85, 977	-634	1, 238, 174	4, 505	
Nevada.....			83, 013			
New Hampshire.....		-181	61, 643			
New Jersey.....	3, 686					
New Mexico.....	8, 165	12, 276	212, 162	690, 182		
New York.....	447	12, 464	51, 907			
North Carolina.....	85, 056	172, 182	42, 660		3, 476	
North Dakota.....	197, 165	204, 473		603, 641		
Ohio.....	29, 305	18, 858	283, 563			
Oklahoma.....	50, 301	40, 384	260, 243	609, 361		
Oregon.....	885	20, 973	4, 510, 301			
Pennsylvania.....	7, 295	12, 002	70, 652		3, 069	
Rhode Island.....						
South Carolina.....	30, 977	8, 834				
South Dakota.....	86, 703	150, 320	44, 897	555, 307	1, 019	
Tennessee.....	45, 457	55, 196	639			-1, 000
Texas.....	87, 148	115, 903	798	3, 562, 692		
Utah.....	638	29, 975	409			
Vermont.....			11, 479			
Virginia.....	13, 733	2, 866	75, 914			
Washington.....	1, 129	12, 662	425, 780			
West Virginia.....	185		64, 955		3, 576	-570
Wisconsin.....	104, 627	20, 490	61, 868		15, 014	
Wyoming.....	1, 596	16, 140	146, 181	166, 310		
Puerto Rico.....			67, 215			
Virgin Islands.....						
Other Territories, etc.*						
Adjustments or undis- tributed to States.....			-8, 553			
Total.....	1, 290, 081	1, 921, 068	13, 189, 570	10, 162, 010	214, 459	-1, 870

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Agriculture—Continued	Atomic Energy Commission	Department of Commerce	Department of Defense		
	Sugar Act program	Grants, fellowships, and other aid ⁶⁸	State marine schools (subsistence to cadets)	Air Force National Guard	Army National Guard	Civil defense ^{20 67}
	(94)	(95)	(96)	(97)	(98)	(99)
Alabama.....		\$101,047		\$3,668,944	\$8,466,602	\$70,841
Alaska.....		1,328		1,446,082	2,045,517	25,301
Arizona.....		95,187		3,990,149	2,003,589	124,424
Arkansas.....		50,238		3,118,847	4,045,915	43,041
California.....	\$14,077,915	1,105,273	\$124,799	9,539,724	16,368,970	144,823
Colorado.....	5,262,549	158,690		3,897,067	2,098,322	31,713
Connecticut.....		66,643		2,325,653	5,083,071	-1,963
Delaware.....		16,213		1,873,493	2,183,845	8,120
District of Columbia.....		188,455		2,855,832	1,158,704	24,159
Florida.....	7,581,503	167,944		1,832,837	4,927,293	115,202
Georgia.....		135,574		5,238,063	4,958,411	61,519
Hawaii.....	10,759,824	7,726		4,652,794	6,296,341	16,922
Idaho.....	6,598,079	35,460		2,050,337	2,940,479	13,142
Illinois.....	35,829	978,793		4,815,397	8,774,281	68,074
Indiana.....	141	245,445		3,059,164	8,588,541	106,781
Iowa.....	71,064	282,304		4,302,433	4,674,221	62,760
Kansas.....	721,219	181,864		3,043,611	5,583,892	48,286
Kentucky.....		70,855		1,997,915	3,174,595	64,434
Louisiana.....	8,324,615	79,908		2,232,807	3,886,931	52,982
Maine.....		28,315	237,538	1,861,846	2,042,306	33,295
Maryland.....		70,868		2,470,585	6,586,213	18,215
Massachusetts.....		410,166	91,014	4,026,373	8,840,801	55,697
Michigan.....	2,580,221	338,567		4,607,213	8,959,766	31,580
Minnesota.....	3,127,249	131,881		3,824,180	6,470,984	82,422
Mississippi.....		54,519		3,681,533	7,697,570	35,583
Missouri.....		191,752		5,272,184	7,044,074	75,969
Montana.....	1,953,427	23,445		2,204,674	2,125,505	39,448
Nebraska.....	2,347,152	21,847		1,654,341	3,231,954	31,404
Nevada.....	62,371	9,592		1,529,275	823,840	40,832
New Hampshire.....		17,598		1,543,618	1,694,223	26,922
New Jersey.....		87,978		5,598,101	9,015,195	83,728
New Mexico.....	134,535	41,893		2,035,508	3,000,472	44,782
New York.....	364,401	1,254,499	324,416	9,518,428	16,005,153	16,224
North Carolina.....		187,372		1,731,360	6,000,450	40,057
North Dakota.....	1,729,623	10,992		2,239,085	1,676,632	24,170
Ohio.....	1,333,199	197,339		8,481,620	10,961,475	29,767
Oklahoma.....		82,016		3,933,534	5,500,952	92,887
Oregon.....	1,049,864	58,844		2,461,730	3,708,241	58,903
Pennsylvania.....		289,789		7,089,710	14,370,384	180,449
Rhode Island.....		49,152		1,548,250	2,697,601	7,822
South Carolina.....		142,710		2,050,418	5,744,941	56,811
South Dakota.....		13,872		2,023,713	2,605,533	18,110
Tennessee.....		612,995		5,858,555	6,114,969	44,798
Texas.....	1,367,084	257,750	47,931	6,406,596	12,418,548	-19,019
Utah.....	1,191,420	39,248		2,365,718	3,408,806	21,106
Vermont.....		2,225		2,434,894	1,682,927	12,355
Virginia.....		189,605		1,445,457	7,244,739	39,216
Washington.....	3,000,628	379,371		3,550,497	5,405,767	18,226
West Virginia.....		39,757		2,860,935	2,226,764	192
Wisconsin.....		322,275		4,395,087	4,995,200	44,157
Wyoming.....	1,678,725	15,623		1,479,916	1,204,779	45,945
Puerto Rico.....	12,208,894	1,351,285		2,409,810	3,630,089	124,029
Virgin Islands.....	127,797					
Other Territories, etc. ⁴						93
Adjustments or undistributed to States.....				⁶⁸ 143,138,923	155,294,731	-115
Total.....	87,689,328	10,894,087	825,698	323,675,716	437,751,104	2,535,521

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Funds appropriated to the President	General Services Administration	Department of Health, Education, and Welfare			
			Office of Education			
			Construction	Cooperative research	Cooperative vocational education	Defense educational activities
			Higher education facilities ^{65a}			
	Office of Economic Opportunity	National historical grants				
	Job Corps ²⁶					
	(100)	(101)	(102)	(103)	(104)	(105)
Alabama.....	\$121,350		\$552,749	\$13,987	\$60,452	\$932,599
Alaska.....	9,932		184,983	4,443		164,769
Arizona.....	31,765		775,279	117,230	67,254	1,480,263
Arkansas.....	54,606		184,134		9,328	402,827
California.....	471,623		4,388,637	646,817	904,824	7,377,126
Colorado.....	45,810		490,237	83,637	118,063	1,550,015
Connecticut.....	37,011		135,502	47,818	134,793	1,399,189
Delaware.....	8,824			39,663	22,782	193,007
District of Columbia.....	2,716		33,957	92,409	264,091	1,608,989
Florida.....	102,258		1,845,871	160,389	228,037	1,701,318
Georgia.....	88,629		976,231	49,130	5,536	1,898,104
Hawaii.....	51,477			3,332		881,728
Idaho.....	29,261		195,113		33,894	138,427
Illinois.....	238,809		1,625,710	515,440	367,570	4,884,332
Indiana.....	77,685	\$22,480	814,628	91,783	25,470	4,597,815
Iowa.....	46,359		2,225,999	176,581	62,079	834,120
Kansas.....	52,259	5,440	720,028	80,497	57,414	1,734,414
Kentucky.....	154,591	11,450	376,600	49,928	30,592	790,755
Louisiana.....	143,740		227,263	13,473	39,192	1,167,469
Maine.....	12,103		669,382	6,370		291,167
Maryland.....	37,718		1,344,301	24,343	13,251	1,069,241
Massachusetts.....	67,200	18,285	1,899,963	867,627	325,538	3,978,172
Michigan.....	185,064	3,350	3,113,269	697,069	206,448	4,035,227
Minnesota.....	72,155	18,300	1,865,013	177,989	257,919	1,448,157
Mississippi.....	82,120		254,842		20,500	530,478
Missouri.....	87,651		1,610,603	73,020	99,992	1,914,275
Montana.....	16,675		106,606		34,900	465,460
Nebraska.....	38,180	15,785	748,225	21,273	94,791	678,910
Nevada.....	11,438					154,031
New Hampshire.....	13,428	10,788	147,980	33,392		545,217
New Jersey.....	239,310		776,465	51,606	128,693	1,438,655
New Mexico.....	39,219		960,871	13,820	28,177	315,534
New York.....	264,308	17,641	1,118,323	700,304	573,089	8,579,551
North Carolina.....		16,820	1,327,655	262,779	125,942	1,668,893
North Dakota.....	21,256		117,224	2,465	53,718	517,607
Ohio.....	202,801		3,873,736	264,592	560,841	2,817,509
Oklahoma.....	84,280		1,162,461	12,636	200,144	786,105
Oregon.....	47,364		1,182,724	615,006	233,577	2,377,922
Pennsylvania.....	337,103	19,029	1,885,229	1,115,130	526,078	3,576,522
Rhode Island.....	26,482	9,000	158,576	14,130	13,330	818,914
South Carolina.....	82,123	28,250	1,140,069	5,966	1,852	833,790
South Dakota.....	16,711		380,290	1,656		299,882
Tennessee.....	127,886	22,121	705,338	19,103	8,449	1,411,351
Texas.....	341,047	18,141	4,677,514	88,648	147,283	2,992,054
Utah.....	28,014		1,281,863	42,802	40,000	837,050
Vermont.....	10,738		441,283	5,653		161,874
Virginia.....	91,382	12,514	745,395	21,445	20,934	1,130,201
Washington.....	87,988	500	1,738,656	61,613	93,370	1,598,137
West Virginia.....	69,518		549,538	6,995	3,000	358,559
Wisconsin.....	63,794		990,365	719,452	477,526	2,222,478
Wyoming.....	10,300	9,605	95,045	2,700		392,461
Puerto Rico.....			32,112	30,089		215,196
Virgin Islands.....	3,625					60,760
Other Territories, etc.....				3,250		15,403
Adjustments or undistributed to States.....						42,003
Total.....	4,587,686	259,499	52,853,837	8,149,480	6,840,713	84,336,021

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued					
	Office of Education—Continued					Public Health Service
	Educational improvement for the handicapped	Equal education opportunities program	Foreign language and area studies	Higher education activities	Research and training	Accident prevention
	(106)	(107)	(108)	(109)	(110)	(111)
Alabama	\$264,400	\$87,820		\$1,095,389		\$15,126
Alaska		23,436		63,153	\$18,246	
Arizona	255,295		\$2,254	458,174	47,681	5,644
Arkansas	80,300	70,120		718,801	75,698	
California	789,766	12,549	163,217	4,427,840	1,268,449	439,862
Colorado	352,959		11,155	434,728	198,646	
Connecticut	120,800		29,414	290,829	94,074	
Delaware	14,000		1,472	61,986	28,745	
District of Columbia	304,067		3,524	214,457	158,234	75,664
Florida	204,700	287,912	49,067	897,045	425,253	31,962
Georgia	248,919		3,352	687,439	470,270	
Hawaii	51,060		29,350	192,251	4,266	
Idaho	43,600		17,577	107,520		
Illinois	578,144		82,232	1,173,654	804,439	
Indiana	292,056	24,003	33,922	301,796	145,311	
Iowa	220,400		1,070	350,454	155,075	
Kansas	437,699		9,764	538,439	32,849	
Kentucky	82,831		475	697,938	48,558	16,512
Louisiana	69,800		121	845,667	23,251	47,296
Maine	13,500		6,834	39,075	1,545	
Maryland	238,728		26,633	248,416	51,590	
Massachusetts	456,935		63,133	465,365	779,746	57,495
Michigan	1,158,875	25,146	72,957	870,269	524,486	48,775
Minnesota	328,000		21,930	369,274	390,581	23,323
Mississippi	83,400			1,067,565	227,178	27,585
Missouri	283,900	19,143	8,406	562,224	257,617	18,458
Montana	62,800		9,751	170,885		
Nebraska	112,195		2,588	300,095	38,467	
Nevada	15,000			56,022		
New Hampshire	11,100		3,400	86,619	17,421	9,700
New Jersey	220,950		55,843	350,567	38,557	29,658
New Mexico	308,192			229,872	22,027	
New York	1,169,381	36,805	147,726	1,754,162	2,198,181	417,155
North Carolina	164,748		23,189	1,148,469	348,126	
North Dakota	110,800		535	281,191	5,950	
Ohio	306,500		13,106	816,691	301,196	24,533
Oklahoma	102,000	67,532	535	571,218	5,000	
Oregon	227,834		8,541	566,630	276,739	
Pennsylvania	590,079	55,386	69,705	969,962	731,571	129,888
Rhode Island	75,100		21,854	10,226		
South Carolina	20,950		2,706	249,748	80,663	
South Dakota	60,850			85,553		8,415
Tennessee	525,772	122,574	12,987	1,231,768	145,630	
Texas	395,537	35,441	83,853	1,575,075	148,811	
Utah	135,100		23,611	317,790	35,887	
Vermont	5,600		5,884	33,165	26,288	6,788
Virginia	171,050	3,181	10,066	388,049	14,249	
Washington	117,400		23,103	554,778	82,441	
West Virginia	53,500		2,972	336,371	119,196	
Wisconsin	521,974		62,930	990,216	541,319	
Wyoming	25,600		1,255	83,480	10,140	
Puerto Rico	28,800		670	274,288	73,813	23,535
Virgin Islands				2,241		
Other Territories, etc. ⁴				19,107	3,250	
Adjustments or undistributed to States			196,111			
Total	12,512,946	871,048	1,420,780	30,633,986	11,496,710	1,457,374

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued					
	Public Health Service—Continued					
	Air pollution (112)	Allergy and infectious disease activities ²⁰ (113)	Arthritis and metabolic disease activities ²⁰ (114)	Child health and human development (115)	Chronic disease and health of the aged (116)	Communi- cable disease activities ²⁰ (117)
Alabama.....	\$135,905	\$138,697	\$487,761	\$146,722	\$445,140	
Alaska.....	37,085				10,177	
Arizona.....	12,500	100,581	74,199	1,363	118,288	\$44,696
Arkansas.....		35,435	420,504	95,293	25,689	
California.....	1,062,592	5,805,754	6,646,242	3,778,745	1,805,041	186,920
Colorado.....	176,609	982,332	535,131	583,091	239,302	
Connecticut.....	19,284	821,520	1,251,914	428,049	238,184	82,503
Delaware.....	6,000	14,268	—1,283	11,940		
District of Columbia.....	139,534	726,233	845,282	175,438	722,191	12,728
Florida.....	73,518	951,779	1,070,311	922,168	173,071	140,511
Georgia.....	59,163	362,853	479,063	279,298	449,138	43,514
Hawaii.....		241,448	110,264	149,298	61,288	
Idaho.....					35,050	
Illinois.....	485,007	2,076,018	3,348,375	1,519,362	701,961	477,406
Indiana.....	65,994	316,558	832,862	372,034	208,161	
Iowa.....	5,200	339,317	865,632	329,157	135,647	45,741
Kansas.....	33,647	465,027	394,512	503,382	208,038	3,423
Kentucky.....		141,068	802,219	155,743	220,815	
Louisiana.....	94,537	990,096	485,664	338,113	330,611	138,307
Maine.....	19,677	5,234	56,237	161,865	70,981	
Maryland.....	139,603	1,228,605	2,659,566	1,450,124	167,724	
Massachusetts.....	172,332	3,436,454	9,434,931	2,903,595	1,076,828	20,446
Michigan.....	376,966	777,008	2,174,547	593,227	506,426	41,926
Minnesota.....	83,922	749,810	2,373,611	484,027	367,118	16,014
Mississippi.....		201,752	110,921	27,272	50,645	
Missouri.....	122,657	554,287	2,099,329	971,630	591,104	20,104
Montana.....		229,602	25,929	17,737	18,295	—1,090
Nebraska.....	26,644	29,262	305,735	232,256	28,687	
Nevada.....	44,859		5,398	60,095	22,000	
New Hampshire.....	8,798	110,686	187,543	65,866	4,193	
New Jersey.....	65,587	834,560	607,452	339,852	110,572	62,188
New Mexico.....	4,716	18,179	75,642	85,939		
New York.....	896,527	5,047,345	13,516,397	4,143,506	2,842,485	304,507
North Carolina.....	71,752	600,455	2,041,802	517,840	336,728	5,737
North Dakota.....		14,024	57,199			
Ohio.....	278,993	909,712	2,240,689	1,312,960	726,901	63,665
Oklahoma.....		211,164	418,346	214,555	171,019	9,927
Oregon.....	62,914	209,372	981,940	97,655	186,126	
Pennsylvania.....	873,816	2,534,852	4,714,216	2,106,643	1,009,000	48,515
Rhode Island.....	1,764	64,950	48,373	358,289	109,642	
South Carolina.....	44,123		111,604	19,165	27,108	
South Dakota.....		43,887	14,471	13,395	2,651	
Tennessee.....	21,835	682,823	1,514,307	957,561	441,264	13,995
Texas.....	103,005	1,064,796	2,041,009	358,041	594,625	36,997
Utah.....	105,176	157,192	1,102,099	153,470	77,923	6,973
Vermont.....		—3,154	263,159	77,956	39,933	
Virginia.....	25,950	243,685	703,565	310,111	334,286	76,288
Washington.....	147,012	653,223	2,017,148	617,835	629,553	—8,220
West Virginia.....	206,428	71,860	434,229	57,569	137,583	3,880
Wisconsin.....	52,142	904,076	1,389,446	420,536	267,891	12,391
Wyoming.....		12,073				
Puerto Rico.....		148,610	338,957		310,967	12,044
Virgin Islands.....					1,731	
Other Territories, etc. ¹	68,547	1,733,575	2,208,830	896,469	6,427	62,650
Adjustments or un- distributed to States.....						
Total.....	6,432,270	37,988,943	74,926,279	29,817,125	17,396,208	1,984,686

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued					
	Public Health Service—Continued					
	Community health practice and research	Construction		Dental services and resources	Environmental engineering and sanitation ²⁰	Environmental health sciences
		Health research facilities ²⁰	Hospital ²⁰			
	(118)	(119)	(120)	(121)	(122)	(123)
Alabama.....	\$90,933	\$134,514	\$31,527	\$118,160	\$73,436	\$14,035
Alaska.....		432,262				133,905
Arizona.....	304,574	105,000			45,124	
Arkansas.....	22,166		95,406			
California.....	2,528,288	5,461,159	308,139	239,537	485,381	576,141
Colorado.....	92,686	260,789			7,932	
Connecticut.....	463,736	1,980,113	39,631			
Delaware.....						
District of Columbia.....	127,660	25,000	1,714,929	71,041	192,709	18,202
Florida.....	192,397	220,467			90,765	180,386
Georgia.....	67,460	249,388		20,044	85,208	
Hawaii.....	38,476		54,792		94,696	
Idaho.....	1,527					
Illinois.....	428,398	1,495,475	154,968	225,322	229,664	160,103
Indiana.....	139,871	132,840	57,519	59,144	62,294	80,186
Iowa.....	85,018	373,246	101,683	94,855	136,540	
Kansas.....	98,109	177,452			38,235	15,001
Kentucky.....	55,151	215,218		93,096		13,740
Louisiana.....	291,817	158,646	64,304	40,883	21,035	135,427
Maine.....	5,729	1,156				
Maryland.....	608,054	24,850	47,229	27,728	2,378	47,721
Massachusetts.....	950,161	562,917	182,050	162,066	484,380	321,886
Michigan.....	1,211,634	1,038,591	131,690	179,780	74,732	266,183
Minnesota.....	380,955	281,930	93,620	25,611	77,066	126,076
Mississippi.....	3,100				7,974	15,741
Missouri.....	270,486	1,026,431	98,268	122,203	58,552	337,818
Montana.....					5,520	
Nebraska.....	14,079	1,526		66,744	24,009	
Nevada.....						
New Hampshire.....	25,701				28,757	
New Jersey.....	151,925	211,530	-64	59,516	53,217	235,855
New Mexico.....	47,008				4,707	
New York.....	1,351,915	3,770,192	311,614	177,728	341,563	619,585
North Carolina.....	851,307	618,869	98,915	122,575	70,410	706,134
North Dakota.....	43,419			2,731		
Ohio.....	210,267	532,509	149,145	173,922	68,340	182,411
Oklahoma.....	123,869	16,310			8,379	104,841
Oregon.....	121,273	329,635	31,961	72,243	306,826	355,650
Pennsylvania.....	910,258	1,722,666	93,762	123,605	185,859	
Rhode Island.....	43,725	39,546				49,598
South Carolina.....	7,823				47,392	41,798
South Dakota.....	23,687				9,556	
Tennessee.....	37,966	-29,997		66,909	13,512	18,769
Texas.....	546,440	890,893	158,218	79,377	35,738	207,646
Utah.....	44,856	699,554			53,868	
Vermont.....	2,533					17,709
Virginia.....	50,716	122,206		23,654	-2,777	107,191
Washington.....	619,693	2,547,287	-1,484	26,985	62,658	131,478
West Virginia.....	26,791		-11,874	20,583	13,301	
Wisconsin.....	30,529	-8,499	13,500	26,560	177,319	79,334
Wyoming.....	18,150					
Puerto Rico.....	509,379			66,733	8,607	
Virgin Islands.....						
Other Territories, etc. ¹	27,851			28,950	115,071	85,914
Adjustments or undistributed to States.....						
Total.....	14,297,546	25,821,671	4,019,448	2,627,285	3,899,933	5,386,464

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued					
	Public Health Service—Continued					
	General medical services	General research and services	General research support grants	National Cancer Institute	National Heart Institute	National Institute of Dental Research ²⁰
	(124)	(125)	(126)	(127)	(128)	(129)
Alabama.....	\$49,504	\$815,406	\$333,434	\$231,111	\$1,072,234	\$473,852
Alaska.....	342,074	5,125				
Arizona.....	110,578	146,643	20,507	36,535	13,790	65,133
Arkansas.....	30,904	484,881	187,557	51,912	146,176	14,289
California.....	3,449,616	14,090,980	4,387,732	6,527,866	8,222,096	603,770
Colorado.....	163,315	1,337,097	447,840	472,789	675,597	65,912
Connecticut.....	590,258	2,326,972	582,789	1,866,661	997,001	47,666
Delaware.....	33,743	95,599		62,612	24,000	
District of Columbia.....	97,792	1,026,889	701,801	315,865	1,932,947	147,793
Florida.....	325,562	1,848,795	729,357	966,688	959,420	175,770
Georgia.....	160,462	2,180,470	522,031	226,724	2,022,865	272,501
Hawaii.....	155,091	399,259			46,454	
Idaho.....	6,282	3,476		3,969		
Illinois.....	1,306,065	5,344,321	2,374,211	2,662,824	3,990,125	1,297,151
Indiana.....	487,743	2,041,218	595,075	502,145	1,614,795	272,669
Iowa.....	383,473	1,644,100	373,445	218,465	501,183	317,356
Kansas.....	197,444	884,151	320,647	192,835	286,530	76,496
Kentucky.....	178,326	980,331	525,396	216,929	1,103,139	141,382
Louisiana.....	130,220	4,219,705	642,636	832,902	2,017,747	24,433
Maine.....	17,695	110,852	160,196	405,074	85,994	
Maryland.....	1,050,903	5,482,351	1,096,127	1,844,945	2,137,668	188,124
Massachusetts.....	2,373,490	8,741,001	4,219,735	6,879,875	8,178,278	1,376,879
Michigan.....	766,450	2,677,441	1,249,249	1,694,554	1,797,125	538,850
Minnesota.....	252,629	1,538,747	883,905	755,764	2,955,793	262,729
Mississippi.....	44,125	285,767	188,601	48,508	625,615	
Missouri.....	363,620	2,728,772	1,017,113	1,252,253	2,071,736	198,399
Montana.....	46,216	46,729		49,319	61,515	
Nebraska.....	49,660	100,434	316,932	116,739	432,901	69,078
Nevada.....						
New Hampshire.....	213,005	542,735	169,487	231,871	193,714	17,189
New Jersey.....	271,193	930,698	488,771	539,235	763,862	31,980
New Mexico.....	34,190	9,413	35,388	43,359	173,207	
New York.....	3,293,373	14,453,903	7,021,329	12,265,577	10,775,532	2,286,832
North Carolina.....	957,035	3,776,166	992,873	1,128,256	3,033,666	278,906
North Dakota.....	4,575	117,534	44,705	910	58,742	—212
Ohio.....	589,583	4,213,658	1,511,978	1,052,585	3,979,675	161,875
Oklahoma.....	116,931	517,169	430,165	243,320	1,097,461	—608
Oregon.....	294,485	2,328,896	317,786	1,000,361	1,865,947	127,701
Pennsylvania.....	1,253,369	6,728,823	3,867,210	6,099,589	6,204,352	1,478,568
Rhode Island.....	96,033	349,017		388,776	80,179	14,054
South Carolina.....	56,973	40,190	117,607	28,727	433,313	23,387
South Dakota.....	8,009	14,825	61,098	1,749	70,611	17,137
Tennessee.....	261,716	1,907,353	728,933	768,986	1,896,080	137,888
Texas.....	1,066,892	4,115,765	1,533,605	5,034,106	2,848,714	613,094
Utah.....	171,011	1,532,623	245,717	363,779	361,167	46,139
Vermont.....	31,110	490,610	164,434	121,120	351,194	—175
Virginia.....	138,142	685,279	539,629	358,843	1,960,091	264,047
Washington.....	742,926	2,872,967	549,615	541,608	1,384,791	239,528
West Virginia.....	31,086	102,532	177,812	112,101	244,870	5,485
Wisconsin.....	610,747	2,957,277	602,954	2,376,173	930,731	224,229
Wyoming.....		36,067				
Puerto Rico.....	8,482	251,831	236,050	115,763	118,089	14,460
Virgin Islands.....						
Other Territories, etc. ⁴	527,233	1,890,260		1,646,458	1,782,349	248,037
Adjustments or undistributed to States.....						
Total.....	23,941,339	112,453,103	41,713,462	62,899,015	84,581,061	12,859,773

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued					
	Public Health Service—Continued					
	National Institute of Mental Health (130)	Neurology and blindness activities (131)	Nursing services and resources ²⁰ (132)	Occupational health ²⁰ (133)	Radiological health ²⁰ (134)	Water supply and pollution control ²⁰ (135)
Alabama.....	\$467,138	\$101,569	\$134,913	-----	\$37,071	\$31,975
Alaska.....	75,000	-----	-----	-----	-----	32,321
Arizona.....	374,038	147,620	65,011	-----	-----	27,410
Arkansas.....	460,792	98,319	23,340	-----	44,317	35,154
California.....	12,988,554	5,625,441	753,258	\$119,897	55,304	588,628
Colorado.....	1,957,841	156,340	429,561	90,728	183,234	73,729
Connecticut.....	3,157,180	949,320	391,174	89,723	23,152	15,506
Delaware.....	193,686	11,328	-----	-----	-----	26,250
District of Columbia.....	3,462,889	307,486	224,178	75,765	12,444	33,237
Florida.....	1,442,141	1,484,467	192,738	3,982	174,325	256,635
Georgia.....	1,147,261	265,300	124,629	49,235	171,872	102,244
Hawaii.....	465,970	35,661	-707	-----	-----	26,250
Idaho.....	306,899	-----	-----	-----	-----	5,850
Illinois.....	5,969,093	2,579,084	261,335	29,066	149,340	198,338
Indiana.....	2,172,528	467,653	157,104	-6,305	176,392	35,726
Iowa.....	1,102,425	1,083,284	78,893	-----	-----	102,820
Kansas.....	2,049,958	296,098	83,695	2,552	20,074	75,950
Kentucky.....	1,457,410	290,477	44,566	-----	2,104	25,190
Louisiana.....	1,581,977	1,191,871	44,229	-----	23,469	19,273
Maine.....	176,130	7,335	9,360	-----	-----	87,635
Maryland.....	3,487,955	2,357,698	171,648	27,742	135,230	64,340
Massachusetts.....	10,410,959	6,230,923	607,829	62,520	312,268	263,041
Michigan.....	4,820,606	1,877,151	570,349	121,179	182,329	571,444
Minnesota.....	2,660,598	2,163,818	176,150	100,451	45,482	156,476
Mississippi.....	452,681	114,052	3,821	-----	4,840	32,771
Missouri.....	3,730,360	1,921,971	267,521	-----	80,146	72,155
Montana.....	268,953	15,403	64,860	-----	-----	77,501
Nebraska.....	1,117,006	98,252	12,051	-----	-----	-----
Nevada.....	148,040	-----	5,622	-----	5,093	-----
New Hampshire.....	188,259	111,369	41,160	-----	-260	34,417
New Jersey.....	2,637,533	344,716	53,250	14,603	67,391	66,585
New Mexico.....	460,876	44,800	-----	-----	11,120	55,360
New York.....	23,951,434	10,399,690	1,281,212	508,514	474,992	647,717
North Carolina.....	3,404,372	681,902	268,763	10,316	47,913	74,712
North Dakota.....	204,744	-----	15,335	-----	-----	-128
Ohio.....	2,979,140	1,422,514	469,432	99,262	70,287	246,106
Oklahoma.....	1,384,063	191,242	2,112	42,880	105,736	181,591
Oregon.....	1,353,598	1,072,012	67,457	16,966	79,900	357,177
Pennsylvania.....	6,777,779	3,629,835	776,052	298,052	265,131	248,005
Rhode Island.....	780,855	398,601	74,423	24,000	15,540	75,874
South Carolina.....	375,707	105,760	67,956	-----	-----	193,387
South Dakota.....	165,747	12,166	23,347	-----	5,520	27,154
Tennessee.....	2,080,767	556,517	13,021	14,562	64,767	83,139
Texas.....	2,473,890	586,992	104,313	27,526	218,099	253,652
Utah.....	951,039	665,425	145,219	20,200	169,105	83,540
Vermont.....	454,426	145,250	11,397	-----	-----	-----
Virginia.....	949,961	1,174,080	16,548	-----	17,164	62,956
Washington.....	1,620,267	908,173	285,754	-26,136	144,215	361,064
West Virginia.....	513,186	113,421	36,635	9,373	-3,003	51,224
Wisconsin.....	2,062,773	857,906	220,287	74,424	-----	323,933
Wyoming.....	226,729	2,973	-----	-----	-----	-----
Puerto Rico.....	290,115	239,833	64,428	-----	-----	-----
Virgin Islands.....	-----	-----	-----	-----	-----	-----
Other Territories, etc.* Adjustments or undistributed to States.....	1,045,744	1,301,480	-----	104,198	124,551	99,661
Total.....	125,438,042	54,850,638	8,995,229	2,005,275	3,754,730	6,538,725

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued					
	Public Health Service—Continued	Vocational Rehabilitation Administration	Welfare Administration			
			Aid for refugees in the United States ²⁰	Aid for repatriated U.S. nationals ²⁰	Children's Bureau	Cooperative research ²⁰
					Maternal and child health and welfare services ^{20 21}	
	Miscellaneous health programs ²⁰					
	(136)	(137)	(138)	(139)	(140)	(141)
Alabama.....		\$166,666	\$35,518		\$15,203	
Alaska.....		27,116				
Arizona.....		320,622	2,000		51,816	
Arkansas.....		80,150	3,500			
California.....	⁶⁹ \$617,324	3,810,129	676,477	\$16,433	2,048,169	\$86,744
Colorado.....	⁷⁰ 10,056	791,406	37,521		200,989	
Connecticut.....	⁷⁰ 37,966	684,548	101,423		178,794	
Delaware.....	⁷¹ 6,070	38,260	5,475		43,834	
District of Columbia.....		1,771,525	113,213	219,430	1,195,009	17,478
Florida.....	⁷⁰ 8,365	691,902	20,525,958	18,596	149,900	1,866
Georgia.....	⁷¹ 7,693	508,404	69,254	181	252,638	
Hawaii.....		67,694			39,984	
Idaho.....		38,099				
Illinois.....	⁷² 100,892	1,964,797	381,572	1,650	858,364	35,933
Indiana.....		435,793	79,205	56	61,373	
Iowa.....	⁷¹ 18,684	366,915	44,448		110,928	12,105
Kansas.....	⁷² 3,200	444,857	124,773		235,410	
Kentucky.....		307,686	14,053	92	132,588	
Louisiana.....		281,499	293,147		406,530	
Maine.....		4,288	1,140			
Maryland.....	⁷⁴ 36,630	566,455	33,574		849,893	40,949
Massachusetts.....		1,922,066	102,899	675	1,118,328	35,421
Michigan.....	⁷⁵ 2,872	1,348,570	129,052	1,044	425,553	238,753
Minnesota.....	⁷⁶ 4,798	2,124,986	13,288		235,796	
Mississippi.....		32,735	442	232	82,115	
Missouri.....	⁷⁰ 1,101	654,683	26,251		446,945	
Montana.....		123,242	28,087			
Nebraska.....		175,794	31,144		224,530	
Nevada.....			15,316			
New Hampshire.....		85,977	4,896			
New Jersey.....	⁷⁰ 9,493	576,100	1,170,554	1,930	112,248	174,390
New Mexico.....		194,181	35,786			
New York.....	⁷⁶ 233,368	7,983,476	741,405	37,886	2,569,917	377,643
North Carolina.....	⁷⁶ 156,914	569,784	30,828		293,641	47,990
North Dakota.....		85,644				10,847
Ohio.....	⁷⁷ 96,208	1,616,744	42,626	-70	546,854	180,146
Oklahoma.....	⁷¹ 15,457	372,516	62,370		143,698	
Oregon.....	⁷⁸ 11,862	614,957	36,943		116,534	
Pennsylvania.....	⁷⁸ 65,199	2,900,083	103,657	4,873	895,209	-3,705
Rhode Island.....		15,097	3,600	19,300	-46,328	
South Carolina.....		42,792	7,300			
South Dakota.....		39,122	2,350			
Tennessee.....		815,723	34,641		334,785	
Texas.....	⁷⁹ 47,589	2,442,135	117,415	16,693	515,149	
Utah.....		306,781			107,375	
Vermont.....		83,811	800		-967	
Virginia.....		642,709	30,028	92	62,122	
Washington.....		1,361,116	18,020	3,191	238,648	-1,327
West Virginia.....		324,960	1,500		46,101	
Wisconsin.....	⁸⁰ 11,186	1,036,612	21,990	220	353,830	82,592
Wyoming.....		450				
Puerto Rico.....		205,924	163,440		64,960	-457
Virgin Islands.....		16,190				
Other Territories, etc. ⁴						
Adjustments or undistributed to States.....			-442		8,779,500	
Total.....	1,493,331	41,583,571	25,518,437	342,504	24,497,965	1,337,368

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	Department of Health, Education, and Welfare—Continued	Department of Housing and Urban Development	Department of Labor			
	Welfare Administration—Continued	Low income housing demonstration program	Area redevelopment activities ^{20 22}	Manpower development and training activities ²²	Trade adjustment activities	Unemployment compensation for Federal employees and ex-servicemen
	Juvenile delinquency and youth development ²⁰					
	(142)	(143)	(144)	(145)	(146)	(147)
Alabama.....			-\$25,604	\$3,229,383	\$1,000	\$3,321,515
Alaska.....		\$42,600	-3,696	2,419,157	1,000	1,244,000
Arizona.....	\$31,471	7,956	-5,097	2,110,081	1,000	1,442,000
Arkansas.....			-6,900	1,595,883	1,000	681,000
California.....	991,703	211,332	8,931	16,940,882	1,000	22,116,000
Colorado.....	269,402		2,936	2,918,810	1,000	813,600
Connecticut.....	178,900	33,545	818	1,244,271	1,000	409,200
Delaware.....				327,060	1,000	165,000
District of Columbia.....	1,691,737	132,275		1,583,349	1,000	1,375,000
Florida.....	64,981	10,000	2,081	3,663,412	1,000	870,000
Georgia.....			1,699	5,387,760		1,060,000
Hawaii.....	135,604		-4,687	377,688	1,000	1,219,453
Idaho.....			1,159	703,301	1,000	564,547
Illinois.....	362,709	85,162	4,769	19,778,077	1,000	2,331,000
Indiana.....	166,227	12,250	9,973	3,216,708	1,000	727,985
Iowa.....			404	2,719,612	1,000	366,000
Kansas.....			330	3,403,992	1,000	690,000
Kentucky.....	58,727		-11,989	4,339,274	1,000	1,697,000
Louisiana.....			17,766	3,276,544	1,000	1,247,000
Maine.....			2,300	1,758,059	1,000	225,000
Maryland.....	323,679		1,686	1,125,187	1,000	1,033,000
Massachusetts.....	677,287	76,395	-7,276	8,905,443	1,000	4,268,742
Michigan.....	148,920	18,861	-66,598	16,096,554	1,000	1,684,728
Minnesota.....	127,091		2,162	6,535,956	1,000	1,215,000
Mississippi.....			1,331	3,250,000	1,000	425,000
Missouri.....	121,608		-5,418	5,470,805	1,000	1,373,000
Montana.....			4,636	1,149,213	1,000	575,000
Nebraska.....			350	2,271,299	1,000	386,000
Nevada.....			421	1,245,737	1,000	397,000
New Hampshire.....				1,096,950		172,000
New Jersey.....	115,518	1,315	13,241	8,900,511	211,986	2,632,000
New Mexico.....			3,528	1,144,777	1,000	820,000
New York.....	2,476,695	492,738	21,250	19,768,750	1,000	7,259,000
North Carolina.....	-5,117	9,000	-44,994	3,071,566	1,000	1,125,000
North Dakota.....			-5,277	1,443,797	1,000	389,191
Ohio.....	247,581	44,313	17,752	10,002,680	1,000	2,319,452
Oklahoma.....	77,527		4,743	1,518,570	1,000	1,042,000
Oregon.....	279,499		4,011	1,292,328	1,000	1,039,000
Pennsylvania.....	335,771	71,769	-2,274	10,612,901	1,000	5,635,000
Rhode Island.....	119,886		-44,284	988,620	1,000	662,000
South Carolina.....	100,090		437	4,096,279	1,000	600,000
South Dakota.....			-26,330	1,455,561	1,000	296,761
Tennessee.....			3,573	4,642,135	1,000	2,528,000
Texas.....	127,768		-10,035	7,073,879	1,000	3,544,000
Utah.....	-10		1,118	1,114,722	1,000	961,835
Vermont.....			1,215	1,198,959	1,000	110,000
Virginia.....			915	1,688,695	1,000	1,035,000
Washington.....	-37,493		-784	4,810,700	1,000	3,520,000
West Virginia.....	202,000		11,403	1,133,578	1,000	979,000
Wisconsin.....	93,670	39,770	-25,744	4,691,904	1,000	1,338,000
Wyoming.....			1,842	892,914	1,000	226,000
Puerto Rico.....	92,711		5,939	2,580,544		2,465,000
Virgin Islands.....				36,791		26,000
Other Territories, etc. ⁴				109,160		
Adjustments or undistributed to States.....	-3,209,480		-150,583	5,837		
Total.....	6,366,662	1,289,281	-292,851	222,416,605	259,986	94,647,009

Footnotes at end of table.

TABLE 84.—Federal grants in aid to State and local governments and to individuals and private institutions within the States, fiscal year 1966—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS AND PRIVATE INSTITUTIONS IN THE STATES—Continued

States, Territories, etc.	National Science Foundation	Veterans' Administration ^a		Miscellaneous	Total, Part B	Grand total (Parts A and B)
	Research grants and fellowship awards	Automobiles, etc., for disabled veterans	Readjustment benefits and vocational rehabilitation			
	(148)	(149)	(150)	(151)	(152)	(153)
Alabama.....	\$1, 115, 921	\$12, 750	\$782, 376		\$72, 894, 286	\$387, 682, 760
Alaska.....	2, 083, 312		8, 452		10, 968, 547	141, 451, 163
Arizona.....	3, 553, 103	12, 800	683, 888		32, 582, 236	178, 888, 377
Arkansas.....	815, 678	12, 559	640, 138		41, 076, 678	233, 384, 120
California.....	43, 146, 286	80, 675	4, 298, 203	^{ss} \$34, 000	274, 599, 519	1, 616, 252, 179
Colorado.....	7, 022, 017		838, 071		89, 598, 603	269, 071, 568
Connecticut.....	5, 893, 691	9, 600	320, 771		35, 909, 884	195, 770, 006
Delaware.....	462, 701	3, 200	64, 605		7, 882, 469	45, 628, 481
District of Columbia.....	8, 374, 034	24, 000	383, 818	^{ss} 54, 000	37, 031, 159	160, 294, 400
Florida.....	6, 841, 095	65, 570	1, 956, 984		78, 833, 794	378, 252, 646
Georgia.....	3, 124, 638	27, 090	1, 197, 220		88, 640, 297	409, 855, 763
Hawaii.....	2, 256, 074		103, 920		29, 198, 967	92, 213, 028
Idaho.....	570, 939	4, 550	160, 524		38, 629, 483	101, 259, 687
Illinois.....	20, 635, 472	30, 159	1, 186, 683	^{ss} 91, 442	237, 702, 411	739, 898, 741
Indiana.....	9, 099, 272	6, 400	823, 222		135, 339, 204	341, 007, 550
Iowa.....	3, 901, 607	8, 000	598, 375	^{ss} 43, 049	237, 375, 571	397, 957, 665
Kansas.....	3, 286, 258	14, 400	500, 036	^{ss} 9, 637	221, 136, 374	362, 797, 980
Kentucky.....	1, 110, 970	3, 200	696, 596		61, 403, 551	331, 798, 953
Louisiana.....	2, 492, 794	4, 800	818, 132		58, 064, 320	396, 602, 272
Maine.....	688, 096	6, 400	216, 271		11, 132, 052	80, 691, 402
Maryland.....	4, 302, 749	4, 800	490, 328		51, 201, 561	209, 371, 040
Massachusetts.....	27, 304, 051	30, 300	1, 278, 836	^{ss} 24, 740	138, 127, 606	438, 271, 935
Michigan.....	10, 774, 576	65, 295	1, 386, 150	^{ss} 98, 284	133, 213, 676	552, 240, 540
Minnesota.....	5, 099, 181	30, 400	880, 357		173, 777, 991	434, 867, 470
Mississippi.....	1, 189, 117	14, 400	567, 627		65, 362, 892	268, 167, 197
Missouri.....	5, 533, 633	20, 738	928, 840		166, 223, 854	501, 360, 727
Montana.....	698, 092	4, 800	179, 861		58, 689, 247	145, 300, 441
Nebraska.....	1, 017, 962	17, 225	457, 891		179, 559, 748	269, 819, 218
Nevada.....	428, 640	4, 800	37, 584		6, 295, 823	65, 453, 760
New Hampshire.....	1, 759, 777	1, 600	208, 562		10, 357, 482	51, 174, 693
New Jersey.....	7, 397, 576	22, 400	584, 226		53, 486, 070	323, 942, 124
New Mexico.....	1, 966, 629	11, 200	374, 106		36, 118, 178	181, 760, 945
New York.....	31, 222, 305	70, 290	2, 527, 303	^{ss} 60, 117	260, 633, 881	1, 189, 507, 114
North Carolina.....	5, 459, 386	12, 800	1, 099, 428		92, 321, 644	371, 951, 717
North Dakota.....	896, 224	4, 800	100, 159		117, 891, 823	175, 420, 246
Ohio.....	9, 342, 743	41, 600	1, 421, 039	^{ss} 52, 884	152, 083, 648	701, 514, 271
Oklahoma.....	2, 696, 521	6, 395	859, 488		101, 212, 542	359, 414, 541
Oregon.....	5, 087, 807	8, 000	465, 495	^{ss} 38, 473	56, 305, 958	240, 542, 422
Pennsylvania.....	17, 104, 818	55, 950	2, 055, 546		144, 320, 644	773, 489, 607
Rhode Island.....	3, 147, 240	9, 600	154, 287		13, 578, 698	78, 242, 268
South Carolina.....	1, 063, 446	6, 400	495, 831		49, 435, 354	189, 431, 574
South Dakota.....	1, 090, 687	6, 400	144, 203		82, 743, 501	148, 742, 169
Tennessee.....	2, 597, 521	24, 000	958, 943	^{ss} 17, 057	81, 457, 198	377, 280, 489
Texas.....	7, 795, 999	30, 368	3, 058, 508	^{ss} 36, 449	309, 191, 921	919, 592, 945
Utah.....	3, 128, 423		371, 239		30, 794, 406	136, 057, 300
Vermont.....	118, 595	3, 200	123, 429		10, 534, 328	69, 608, 691
Virginia.....	2, 790, 139	25, 585	910, 830		43, 016, 897	322, 595, 500
Washington.....	7, 400, 811	14, 400	786, 781		89, 471, 884	316, 665, 130
West Virginia.....	1, 049, 340	17, 553	389, 281		16, 871, 014	207, 644, 184
Wisconsin.....	8, 758, 519	30, 294	696, 428	^{ss} 44, 683	97, 294, 537	253, 686, 934
Wyoming.....	596, 115	1, 600	82, 346		16, 330, 923	86, 308, 955
Puerto Rico.....	514, 111	6, 400	374, 023		30, 587, 568	226, 754, 005
Virgin Islands.....	6, 000				294, 354	16, 760, 483
Other Territories, etc. ^d	11, 620		574, 340		14, 740, 468	44, 699, 996
Adjustments or undistributed to States.....					304, 084, 538	321, 616, 624
Total.....	306, 224, 211	929, 756	41, 301, 580	604, 815	4, 986, 642, 262	17, 820, 021, 996

Footnotes on following pages.

Footnotes to table 84

¹ Consists of: \$587,125 Cooperative State Research Service and \$482,015 Commodity Credit Corp. fund, Cooperative State Research Service (both excluded from column 5); \$954,921 Agricultural Research Service; \$12,635 Economic Research Service; \$256,626 Forest Service; and \$656,631 Commodity Credit Corp. fund, Agricultural Research Service.

² Cost to Federal Government of food commodities acquired through price-support operations.

³ Consists of \$1,664,074 cooperative extension work, Extension Service and \$1,750,000 Agricultural Consumer and Marketing Service.

⁴ Includes: American Samoa, Guam, Trust Territory of the Pacific, and certain foreign countries.

⁵ Adjustment from a commodities distributed to a checks-issued basis.

⁶ Consists of: \$3,113,000 penalty mail costs for State extension directors and cooperative extension agents; \$7,965,758 retirement costs of cooperative extension agents; \$51,574 reimbursement for benefits paid from the employees' compensation fund; and \$97,239 undistributed to States.

⁷ Consists of \$232,500 penalty mail costs of State experiment station directors and \$65,417 undistributed to States.

⁸ Consists of: \$64,812,624 Federal share of the value of food stamps redeemed; \$1,102,663 Federal payment to State agencies for certification assistance; and —\$562,257 adjustment from a food stamps issued to a checks-issued basis.

⁹ Consists of \$15,785,199 forest protection and utilization and \$740,442 assistance to States for tree planting.

¹⁰ Consists of: \$35,243,210 payments to States, National forest fund; \$140,619 payment to Minnesota (Cook, Lake, and St. Louis counties) from the National forests fund; and \$112,130 payments to school funds, Arizona (\$111,794) and New Mexico (\$336).

¹¹ Cost to the Federal Government of commodities acquired.

¹² Includes \$4,967,363, paid directly to participating private schools. In addition, the program receives some of the commodities distributed or donated under programs reported in columns 2 and 10 of this table.

¹³ Cash payments to increase consumption of fluid milk by children in nonprofit schools. Net of refunds of \$2,678 received from States. Includes \$7,216,666 paid directly to private schools and other outlets.

¹⁴ Soil Conservation Service, consists of: \$50,035,797 watershed protection; \$19,109,287 flood prevention; and \$295,928 resource conservation and development. Total includes contributions of \$36,326,169 and grants-in-kind of \$33,114,843.

¹⁵ Represents planning grant to private water association.

¹⁶ Consists of: \$29,164,002 forest highways; \$10,873,454 public lands highways; \$1,406,397 landscaping and scenic enhancement; and \$1,131,166 control of outdoor advertising and junkyards.

¹⁷ The Economic Development Administration was established by the Secretary of Commerce on Sept. 1, 1965. The Office of Appalachian Assistance was established within EDA on Mar. 1, 1966. Expenditures include \$1,477,429 grants in aid for Appalachia, \$5,218,668 administered by the Department of Housing and Urban Development (for area redevelopment assistance including Appalachia), and \$53,184 grants-in-kind (supplies and services) of which the equivalent of \$10,800 was for Appalachia.

¹⁸ Includes \$27,168 for improvement of Pentagon road network.

¹⁹ Consists of \$51,965,371 flood relief and \$334,530 bridges over Federal dams.

²⁰ Credit amounts (—) other than "Adjustments or undistributed to States" are refunds of advances from prior years.

²¹ Consists of \$49,331,170 grants in aid for airports and \$4,658,155 grants in aid for airports, liquidation of contract authority.

²² Consists of: \$234,298 disbursed by the Department of Commerce; \$50,244,368 disbursed by the Departments of Agriculture and Housing and Urban Development; \$2,291,185 disbursed by the Department of the Interior; and \$34,262,876 disbursed by the Department of Health, Education, and Welfare.

²³ Consists of \$131,651,411 disaster relief and \$896,652 State and local preparedness.

²⁴ Administered by the Department of Health, Education, and Welfare.

²⁵ Includes Head Start, migrant programs, and other community action programs administered directly by the Office of Economic Opportunity.

²⁶ Administered by the Department of Labor.

²⁷ Credit amounts (—) represent refunds which could not be identified by State.

²⁸ Consists of: \$3,488,100 cancer; \$7,248,734 heart; and \$11,537,711 other diseases. \$52,066 represents grants-in-kind (supplies and services).

²⁹ Includes \$2,505,202 grants-in-kind (supplies and services).

³⁰ Includes \$13,751 grants-in-kind (supplies and services).

³¹ Includes \$133,365 grants for health research facilities construction, \$4,410,408 construction of health educational facilities, and \$518,265 construction of community mental health centers (Missouri).

³² Includes \$775,165 grants-in-kind (supplies and services).

³³ Includes \$3,632,052 grants-in-kind (supplies and services).

³⁴ Includes \$10,000 grants-in-kind (supplies and services).

³⁵ Consists of: \$36,744,478 maternal and child health services; \$37,157,849 services for crippled children; \$39,564,032 child welfare services; \$12,527,109 special project grants for maternity and infant care; and \$890,766 special project grants for health.

³⁶ Functions of the Housing and Home Finance Agency were transferred to the Department of Housing and Urban Development pursuant to 5 U.S.C. 624, Sept. 5, 1965.

³⁷ Arts and humanities educational activities, Office of Education.

³⁸ Consists of \$1,356,822 George Washington University Hospital construction and \$969 arts and humanities educational activities, Office of Education.

³⁹ Hospital and medical care, Public Health Service.

⁴⁰ Nursing services and resources, Public Health Service.

⁴¹ Construction of Indian health facilities, Public Health Service.

⁴² Consists of joint mass transportation projects: New York-Connecticut \$1,903,952; New York Metropolitan Area \$283,913; New York-New Jersey \$254,803; and New York, Superintendent of Public Works \$433,202.

⁴³ Consists of: \$9,975,207 education and welfare services; \$861,767 resources management; and \$44,000 Menominee educational grants.

⁴⁴ Consists of: \$218,499 payments to States (proceeds of sales receipt limitation); \$2,813 payments to Oklahoma (royalties); \$261,411 payments to States from grazing receipts, public lands (outside grazing districts); \$286,176 payments to States from grazing receipts, etc., public lands (within grazing districts); \$1,166 payments to States (grazing fees); \$3,408 payments to States from grazing receipts, etc., public lands (within grazing districts miscellaneous); \$20,037,859 payments to counties, Oregon and California grant lands; \$125,718 payments due counties, national grasslands; \$182,200 payments to Coos and Douglas counties, Oregon, in lieu of taxes on Coos Bay Wagon Road grant lands; \$10,405,984 internal revenue collections for the Virgin Islands; \$600,000 payments to Arizona and Nevada, Colorado River Dam fund, Boulder Canyon project; \$19,942 operation and maintenance; \$23,594 payment to Wyoming in lieu of taxes on lands in Grand

Footnotes to table 84—Continued

Teton National Park, National Park Service; and \$5,597 payments to counties, national grasslands, Bureau of Sport Fisheries and Wildlife.

⁴⁵ Bureau of Sport Fisheries and Wildlife, consists of \$6,168,038 fish restoration and management and \$15,666,323 wildlife restoration.

⁴⁶ Functions transferred from Migratory Bird Conservation and Alaska game law, shared revenues.

⁴⁷ Payments in lieu of taxes.

⁴⁸ On an accrual basis; consists of \$8,634,160 grants for State homes for disabled soldiers and sailors and \$266,575 approval and supervision of training establishments.

⁴⁹ Net of \$11,241,447 penalty mail, \$10,543 Veterans' Administration, \$385,053 Federal rents, and —\$1,879,172 adjustment.

⁵⁰ Transitional grants to Alaska, Executive Office of the President.

⁵¹ Consists of: \$153,001 State marine schools, Maritime Administration, Department of Commerce; \$18,085,353 general construction, Corps of Engineers, Civil; and \$14,950 law enforcement assistance, Department of Justice.

⁵² Consists of: \$689,963 hospital facilities, General Services Administration; \$44,250,000 Federal payment to the District of Columbia, Treasury Department; \$580,691 President's Commission on Law Enforcement and the Administration of Justice and on Crime in the District of Columbia; and \$339,800 law enforcement assistance, Department of Justice.

⁵³ Center for cultural and technical interchange between East and West, State Department.

⁵⁴ State marine schools, Maritime Administration, Department of Commerce.

⁵⁵ Law enforcement assistance, Department of Justice.

⁵⁶ Consists of: \$139,243 State marine schools, Maritime Administration, Department of Commerce and \$9,000 law enforcement assistance, Department of Justice.

⁵⁷ Drainage of Anthracite Mines, Bureau of Mines, Department of the Interior.

⁵⁸ Net of —\$6,551 grants for research and management counseling, Small Business Administration and \$9,480 law enforcement assistance, Department of Justice.

⁵⁹ Consists of \$17,500,000 refunds, transfers, and expenses of operation, Bureau of Customs and \$51,764,434 internal revenue collections.

⁶⁰ Refunds, transfers, and expenses of operation, Bureau of Customs, Treasury Department.

⁶¹ Administration of Territories, Department of the Interior.

⁶² Consists of \$116,372,900 acreage diversion payments and \$57,585,840 price support payments.

⁶³ Consists of \$841,570,563 acreage diversion payments and \$430,765,847 price support payments.

⁶⁴ Consists of \$38,113,856 acreage diversion payments and \$470,729,504 value of wheat marketing certificates issued to producers.

⁶⁵ Net of deductions made from producer payments for promotional and advertising programs.

⁶⁶ On an accrual basis. Consists of: \$999,159 equipment grants; \$3,172,194 student fellowships; \$2,688,989 faculty training; and \$4,033,745 for materials, services, and other costs.

⁶⁷ Includes \$2,501,011 spent by the Department of Health, Education, and Welfare for civil defense adult education.

⁶⁸ On an obligations basis.

^{69a} Includes payments to public colleges and universities.

⁶⁹ Consists of: \$528,626 cancer research facilities; \$62,850 for control of venereal disease; and \$25,848 for hospital and medical facilities.

⁷⁰ National Library of Medicine.

⁷¹ Grants for cancer research facilities.

⁷² Consists of: \$23,336 National Library of Medicine and \$77,556 control of venereal disease.

⁷³ For control of venereal disease.

⁷⁴ Consists of: \$31,459 National Library of Medicine and \$5,171 control of venereal disease.

⁷⁵ Hospital and medical research facilities.

⁷⁶ Consists of: \$27,212 hospital and medical research facilities and \$206,156 control of venereal disease.

⁷⁷ Net of \$104,940 grants for cancer research facilities and —\$8,732 hospital and medical research facilities.

⁷⁸ Consists of: \$4,179 National Library of Medicine; \$25,144 grants for cancer research facilities; and \$35,876 for control of venereal disease.

⁷⁹ Consists of: \$46,520 grants for cancer research facilities and \$1,069 for control of venereal disease.

⁸⁰ Consists of: \$357 National Library of Medicine; \$9,679 grants for cancer research facilities; and \$1,150 hospital and medical research facilities.

⁸¹ Consists of: \$4,066,602 maternal and child health services; \$5,224,989 services for crippled children; \$3,690,623 child welfare research demonstration projects; \$3,930,302 research projects; and \$7,585,449 child welfare training grants.

⁸² Handled by the Department of Health, Education, and Welfare and the Department of Labor.

⁸³ Consists of \$72,383,032 administered by the Department of Health, Education, and Welfare and \$150,032,973 administered by the Department of Labor.

⁸⁴ On an accrual basis.

⁸⁵ Consists of \$8,000 arts and humanities educational activities, Office of Education, Department of Health, Education, and Welfare and \$26,000 law enforcement assistance, Department of Justice.

⁸⁶ Arts and humanities educational activities, Office of Education, Department of Health, Education, and Welfare.

⁸⁷ Consists of \$84,284 arts and humanities educational activities, Office of Education, Department of Health, Education, and Welfare, and \$14,000 law enforcement assistance, Department of Justice.

NOTE.—Compiled from figures furnished by the departments and agencies, pursuant to Treasury Department Circular No. 1014, Aug. 8, 1958 (see 1958 annual report, exhibit 70, p. 381). Because of late adjustments, these figures do not agree in every instance with those in Special Analysis J of the 1968 Budget.

Customs Operations

TABLE 85.—*Merchandise entries, fiscal years 1965 and 1966*

Entries	1965	1966	Percentage increase, or decrease (—)
Consumption free.....	364,755	399,742	9.6
Consumption dutiable.....	1,375,471	1,517,450	10.3
Warehouse and rewarehouse.....	80,972	85,754	5.9
Other formal.....	9,387	7,603	—19.0
Total formal entries.....	1,830,585	2,010,549	9.8
Warehouse withdrawals.....	396,829	432,226	8.9
Appraisement.....	1,762	1,758	—0.2
Drawback.....	24,464	19,819	—19.0
Outbound-immediate transportation; transportation and exportation; etc.....	636,164	679,400	6.8
Mail.....	1,365,125	1,560,388	14.3
Informal.....	729,511	820,392	12.5
Passenger declarations—total.....	3,491,858	3,879,132	11.1
Crew declarations—total.....	905,335	1,013,607	12.0
Military declarations—total.....	1,048,347	1,173,456	11.9
Passenger declarations—dutiable.....	146,165	319,911	118.9
Crew declarations—dutiable.....	193,109	186,248	—3.6
Military declarations—dutiable.....	38,617	47,614	23.3
Other informal.....	1,638,901	1,488,050	—9.2

TABLE 86.—Principal commodities on which drawback was paid, fiscal years 1965 and 1966

Commodity	1965	1966	Percentage increase, or decrease (—)
Aluminum.....	\$1,417,708	\$1,497,161	5.6
Automobiles, aircraft, and parts.....	175,580	123,694	-29.6
Barley.....	50,903	41,164	-19.1
Brass and bronze manufactures.....	18,694	12,561	-32.8
Burlap.....	104,719	63,209	-39.6
Chemicals.....	2,468,880	1,406,277	-43.0
Chromium and alloys.....	245,028	153,932	-37.2
Citrus fruit juices.....	1,598,661	1,086,545	-32.0
Coal-tar products.....	497,822	990,323	98.9
Copper and manufactures.....	379,042	392,449	3.5
Cotton cloth.....	364,656	338,723	-7.1
Cotton, unmanufactured.....	10,154	38,942	283.5
Diesel engines.....		73,749	
Electrical machinery and apparatus.....	240,415	422,795	75.9
Feathers.....		28,763	
Ferroalloying ores and metals.....	82,492	38,105	-53.8
Fish and fish products.....		43,409	
Fruits and preparations.....		68,873	
Glass and glass products.....	157,065	133,583	-15.0
Iron and steel semimanufactures.....	71,150	17,158	-75.9
Knit fabrics, cotton.....	12,762	33,371	161.5
Lead ore, matte, pigs, and bars.....	729,464	392,747	-46.2
Leather and leather products.....	5,165	11,397	120.7
Machinery, other than electric.....		154,740	
Magnesite.....	65,604	8,339	-87.3
Manganese ore.....	83,368	46,229	-44.6
Medicinal preparations.....	111,748	393,555	252.2
Nickel.....	173,975	115,904	-33.4
Paper and manufactures.....	36,846	117,768	219.6
Petroleum and products.....	823,363	97,175	-88.2
Pigments, paints, and varnishes.....		50,794	
Quicksilver or mercury.....	26,006	33,697	29.6
Rayon and other synthetic textiles.....	29,123	106,109	264.3
Steel mill products.....	2,895,421	4,042,928	39.6
Sugar.....	776,939	648,085	-16.6
Tires and tubes, rubber and synthetic.....	51,496	48,270	-6.3
Tobacco and manufactures.....	841,526	844,657	.4
Tungsten ore.....	191,312	294,198	53.8
Vegetables and vegetable products.....		20,029	
Vegetable oils and waxes.....		22,668	
Watch movements.....	610,707	599,640	-1.8
Whiskey.....	181,641	3,599	-98.0
Wool and semimanufactures.....	17,940	36,044	100.9
Wool fabrics.....	57,281	44,495	-22.3
Zinc ore and manufactures.....	197,587	173,893	-12.0
Other.....	* 1,783,133	2,407,194	35.0
Total.....	17,585,376	17,718,940	.8

NOTE.—Includes Puerto Rico.

* Revised.

TABLE 87.—*Carriers and persons arriving in the United States, fiscal years 1965 and 1966*¹

Type of entrant	1965	1966	Percentage increase, or decrease (—)
Carriers arriving:			
Vessels entering direct from foreign ports.....	49,426	50,159	1.5
Vessels entering via U.S. ports.....	² (38,071)	² (40,797)	7.2
Vessels reporting only from foreign ports:			
Government.....	1,799	1,612	—10.4
Ferries.....	60,033	62,749	4.5
Other.....	48,219	47,244	—2.0
Commercial planes.....	107,601	123,870	15.1
Commercial planes entering via U.S. ports.....	² (9,920)	² (11,161)	12.5
Military planes.....	36,971	38,931	5.3
Private planes.....	65,654	74,877	14.0
Autos, empty trucks.....	49,909,968	53,329,307	6.9
Buses.....	255,863	276,549	8.1
Trucks.....	777,019	880,591	13.3
Other vehicles.....	470,378	503,434	7.0
Passenger trains.....	14,349	11,815	—17.7
Freight cars.....	2,039,181	2,019,042	—1.0
Total carriers.....	53,836,461	57,420,180	6.7
Persons arriving:			
Passengers arriving on:			
Vessels entering direct from foreign ports.....	704,744	681,630	—3.3
Vessels entering via U.S. ports.....	77,689	84,919	9.3
Vessels reporting only from foreign ports:			
Government.....	398,606	360,668	—9.5
Ferries.....	1,116,634	1,206,727	8.1
Other.....	210,887	219,226	4.0
Commercial planes.....	4,940,805	5,891,901	19.2
Military planes.....	833,565	1,040,852	24.9
Private planes.....	197,285	225,883	14.5
Autos, empty trucks.....	132,954,952	141,228,565	6.2
Buses.....	5,020,158	5,517,154	9.9
Trucks.....	162,551	169,600	4.3
Other vehicles.....	772,876	468,020	—39.5
Passenger trains.....	501,581	441,141	—12.1
Pedestrians.....	33,291,861	34,495,560	3.6
Total persons.....	181,184,194	192,031,846	6.0

¹ Excludes Puerto Rico.² Not included in totals, already counted under entering direct from foreign ports.

TABLE 88.—Aircraft and aircraft passengers entering the United States, fiscal years 1965 and 1966

Regions and districts ¹	Aircraft		Aircraft passengers		Percentage increase, or decrease (—)	
	1965	1966	1965	1966	Aircraft	Passengers
Boston region:						
District offices:						
Boston.....	5,037	5,817	128,066	163,814	15.5	27.9
Bridgeport.....	222	297	3,407	2,711	33.8	—20.4
Buffalo.....	5,918	6,579	532,473	594,668	11.2	11.7
Ogdenburg.....	1,856	1,622	4,863	4,677	—12.6	—3.8
Portland, Maine.....	3,177	2,829	23,280	14,224	—11.0	—38.9
Providence.....	626	349	11,984	8,493	—44.3	—29.1
St. Albans.....	1,803	2,125	334,368	379,933	17.9	13.6
Total Boston region.....	18,639	19,618	1,038,441	1,168,520	5.3	12.5
New York regional office.....	42,225	47,259	2,033,908	2,359,064	11.9	16.0
Baltimore region:						
District offices:						
Baltimore.....	2,148	2,610	56,786	83,741	21.5	47.5
Norfolk.....	1,343	839	22,823	16,149	—37.5	—29.3
Philadelphia.....	6,796	5,588	259,740	293,304	—17.8	12.9
Total Baltimore region.....	10,287	9,037	339,349	393,194	—12.2	15.9
Miami region:						
District offices:						
Charleston.....	2,014	1,537	57,112	53,916	—23.7	—5.6
Miami.....		47,384		1,030,872		
Savannah.....	886	661	2,736	3,758	—25.4	37.4
Tampa.....	45,453	2,239	866,721	27,734	(²)	(²)
Wilmington.....	812	1,246	18,205	48,956	53.4	168.9
Total Miami region.....	49,165	53,067	944,774	1,165,236	7.9	23.3
New Orleans region:						
District offices:						
Mobile.....	205	268	1,970	3,230	30.7	64.0
New Orleans.....	1,791	1,988	74,612	86,865	11.0	16.4
Total New Orleans region.....	1,996	2,256	76,582	90,095	13.0	17.6
Houston region:						
District offices:						
El Paso.....	2,169	2,281	8,708	9,065	5.2	4.1
Galveston.....	1,378	160	51,323	2,223	(²)	(²)
Houston.....		1,766		68,242		
Laredo.....	8,151	9,879	87,988	127,559	21.2	45.0
Port Arthur.....		14		16		
Total Houston region.....	11,698	14,100	148,019	207,105	20.5	39.9

Footnotes at end of table.

TABLE 88.—*Aircraft and aircraft passengers entering the United States, fiscal years 1965 and 1966—Continued*

Regions and districts ¹	Aircraft		Aircraft passengers		Percentage increase, or decrease (—)	
	1965	1966	1965	1966	Aircraft	Passengers
Los Angeles region:						
District offices:						
Los Angeles.....	3,472	4,516	220,777	284,073	30.1	28.7
Nogales.....	5,114	5,520	19,856	21,050	7.9	6.0
San Diego.....	6,505	7,537	27,316	27,742	15.9	1.6
Total Los Angeles region.....	15,091	17,573	267,949	332,865	16.4	24.2
San Francisco region:						
District offices:						
Great Falls.....	2,183	2,364	23,995	27,750	8.3	15.6
Honolulu.....	10,252	12,002	335,623	339,458	17.1	1.1
Juneau.....	4,053	5,740	26,215	41,160	41.6	57.0
Portland, Oregon.....	529	534	2,147	2,324	.9	8.2
San Francisco.....	6,382	9,719	248,719	390,491	52.3	57.0
Seattle.....	9,639	11,520	174,689	245,496	19.5	40.5
Total San Francisco region.....	33,038	41,879	811,388	1,046,679	26.8	29.0
Chicago region:						
District offices:						
Chicago.....	5,255	6,450	163,632	212,448	22.7	29.8
Cleveland.....	5,998	6,764	37,551	47,040	12.8	25.3
Detroit.....	5,812	6,763	44,125	57,933	16.4	31.3
Duluth.....	6,296	6,229	16,904	18,542	-1.1	9.7
Milwaukee.....	499	503	2,652	2,999	.8	13.9
Minneapolis.....	443	707	3,716	4,772	59.6	28.4
Pembina.....	3,356	5,132	35,766	44,455	52.9	24.3
St. Louis.....	428	341	6,919	7,689	-20.3	11.1
Total Chicago region.....	28,087	32,889	311,245	395,878	17.1	27.2
Total all regions.....	210,226	237,678	5,971,655	7,158,636	13.1	19.9
San Juan.....	34,991	37,826	558,740	606,050	8.1	8.5
Grand total.....	245,217	275,504	6,530,395	7,764,686	12.4	18.9

¹ For regions and districts established under Customs reorganization, see exhibit 77.² Percentage comparison inappropriate.

TABLE 89.—*Seizures for violations of customs laws, fiscal years 1965 and 1966*¹

Seizures	1965 total	1966			Total
		Seizures by Customs	Seizures by other agencies	Joint seizures by Customs and other agencies	
Automobiles:					
Number.....	844	789	134	16	939
Value.....	\$765,262	\$2,079,738	\$193,777	\$12,755	\$2,286,270
Trucks:					
Number.....	126	93	10	3	106
Value.....	\$431,804	\$283,131	\$24,815	\$250	\$308,196
Aircraft:					
Number.....	16	14	2	—	16
Value.....	\$939,400	\$655,800	\$92,000	—	\$747,800
Boats:					
Number.....	52	108	1	—	109
Value.....	\$18,249,120	\$22,420,559	\$80,000	—	\$22,500,559
Narcotics:					
Number.....	1,417	1,432	4	23	1,459
Value.....	\$481,337	\$565,064	\$270	\$17,267	\$582,601
Liquors:					
Number.....	7,209	9,374	41	311	9,726
Gallons.....	19,795	15,396	44	157	15,597
Value.....	\$332,306	\$326,473	\$637	\$3,154	\$330,264
Prohibited articles (obscene, lottery, etc.):					
Number.....	5,038	7,380	24	49	7,453
Value.....	\$98,999	\$143,134	\$202	\$2,305	\$145,641
Other seizures:					
Number.....	8,825	8,345	64	141	8,550
Value:					
Cameras.....	\$41,716	\$75,065	—	—	\$75,065
Edibles and farm products.....	191,668	68,070	\$198	\$683	68,951
Furs—skins and manufactures.....	51,476	45,578	840	—	46,418
Guns and ammunition.....	125,975	47,077	100	96	47,273
Jewelry, including gems.....	671,882	578,314	125	200	578,639
Livestock.....	13,034	8,656	7,488	—	16,144
Tobacco and manufactures.....	40,753	22,560	83	74	22,717
Watches and parts.....	187,252	136,161	—	—	136,161
Wearing apparel.....	260,460	182,333	74	267	182,674
Miscellaneous.....	2,724,367	6,977,487	23,042	1,542	7,002,071
Total value of other seizures.....	4,308,583	8,141,301	31,950	2,862	8,176,113
Grand total:					
Number ²	22,489	26,531	133	524	27,188
Value.....	\$25,606,811	\$34,615,200	\$423,651	\$38,593	\$35,077,444

¹ Includes Puerto Rico and the Virgin Islands.² Excludes number of carriers confiscated in connection with seizures of liquor, narcotics, etc.

TABLE 90.—*Investigative activities, fiscal years 1965 and 1966*

Activity	1965	1966	Percentage increase, or decrease (—)
Drawback.....	* 1,104	1,222	10.7
Classification.....	196	208	6.1
Market value.....	* 731	899	23.0
Smuggling, narcotics.....	* 5,188	6,158	18.7
Smuggling, all other.....	* 2,118	3,205	51.3
Undervaluation, false invoicing.....	* 2,380	2,247	-5.6
Prohibited importations.....	* 342	327	-4.4
Navigation, aircraft, and vehicle violations.....	* 1,119	1,376	23.0
Baggage declarations.....	* 1,894	1,681	-11.3
Customs brokers, cartmen, and lightermen.....	* 415	319	-23.1
Petitions for relief.....	* 1,266	1,445	14.1
Personnel.....	* 2,020	2,016	-.2
Customs procedure.....	* 364	479	31.6
Collection of duties and penalties.....	* 222	250	12.6
Cooperation with other agencies.....	* 800	1,027	28.4
Neutrality.....	* 358	398	11.2
Pilferages and shortages.....	* 387	604	56.1
Export control.....	* 475	414	-12.9
Federal tort claims.....	* 191	181	-5.2
Miscellaneous.....	* 101	132	30.7
Dumping.....	48	16	-66.7
Port security.....	2	1	-50.0
Total.....	* 21,721	24,605	13.3

* Revised.

Engraving and Printing ProductionTABLE 91.—*New postage stamp issues delivered, fiscal year 1966*

Issues	Denominations (cents)	Number of stamps delivered (in thousands)
Commemoratives:		
Salvation Army.....	5	21,210
Dante Alighieri.....	5	113,340
Herbert Hoover.....	5	113,840
Robert Fulton.....	5	116,140
Florida Quadricentennial.....	5	116,900
Traffic Safety.....	5	114,085
Copley "American Painting".....	5	114,380
International Telecommunication Union.....	11	26,995
Adlai Stevenson.....	5	127,995
Migratory Bird Treaty.....	5	115,835
Humane Treatment of Animals.....	5	116,845
Indiana Statehood.....	5	123,270
American Circus.....	5	127,070
SIPEX.....	5	120,165
SIPEX souvenir sheet.....	5	8,000
Special:		
Christmas—Series 1965.....	5	1,095,230
Regular:		
Abraham Lincoln (400 subject).....	4	811,380
Abraham Lincoln (432 subject).....	4	73,653
Franklin D. Roosevelt.....	6	61,980
George Washington.....	5	892,450
Albert Einstein.....	8	52,320
Frank Lloyd Wright.....	2	37,180

TABLE 92.—*Deliveries of finished work by the Bureau of Engraving and Printing, fiscal years 1965 and 1966*

Class	Number of pieces		Face value, 1966
	1965	1966	
Currency:			
U.S. notes.....		3,200,000	\$6,400,000
Silver certificates.....	11,880,000		
Federal Reserve notes.....	2,041,224,192	2,278,448,000	12,581,120,000
Specimens.....	1,950	44	
Total.....	2,053,106,142	2,281,648,044	12,587,520,000
Military payment certificates:			
Specimens.....	24,688,000	130,058,000	283,263,400
	1,596	1,596	
Total.....	24,689,596	130,059,596	283,263,400
Bonds, notes, bills, certificates, and debentures:			
Bonds:			
Treasury.....	871,421	233,950	4,666,250,000
Treasury, special series.....	702	802	
Consolidated Federal Farm Loan bonds.....	166,533	156,124	2,691,500,000
Consolidated bonds of the Federal Home Loan banks.....	35,428	41,230	1,981,700,000
Notes:			
Treasury.....	384,422	791,812	50,344,565,000
Treasury, special series.....	100	301	
Tennessee Valley Authority.....	6,004		
Consolidated notes of the Federal Home Loan banks, bearer.....	114,500	223,200	10,135,000,000
Bills:			
Treasury.....	3,807,000	3,818,000	240,447,000,000
Certificates:			
Treasury certificates of indebtedness, cou- pon.....		97,601	3,899,500,000
Treasury certificate of indebtedness, special series.....	1,600	2,601	
Participation certificates in Government mortgage liquidation trust.....	53,119	109,838	6,000,000,000
Commodity Credit Corporation, special series, certificate of interest.....		19,024	1,112,500,000
Debentures:			
Consolidated collateral trust for the:			
Twelve Federal intermediate credit banks.....	105,700	179,000	6,615,000,000
Thirteen banks for cooperatives.....	54,000	58,000	1,875,000,000
Federal National Mortgage Association secondary market operations.....		63,747	1,403,415,000
Federal Housing Administration.....	473,400	244,029	911,880,000
Total.....	6,073,929	6,039,259	332,083,310,000
Stamps:			
Customs.....	570,000		
U.S. Internal Revenue:			
To office of issue.....	2,152,364,755	2,306,941,880	72,918,082
To Smithsonian Institution.....	21,125	53,000	
Puerto Rican Internal Revenue.....	224,626,750	239,471,850	
Virgin Islands Internal Revenue.....	154,100		
U.S. postage:			
Ordinary.....	17,569,118,664	18,822,967,864	1,058,248,805
Airmail.....	967,741,000	1,225,605,000	109,160,700
Commemoratives.....	4,000,960,200	3,311,185,848	167,312,088
Special delivery.....	35,425,000	34,830,000	10,449,000
Postage due.....	117,870,000	109,360,000	13,050,800
Postal insurance books.....		29,710	5,191
Canal Zone postage:			
Ordinary.....	1,433,840	3,415,800	338,400
Airmail.....	8,507,400		
Postal cards.....	315,500		
U.S. savings.....	112,785,000	106,189,500	17,630,500
Federal migratory bird hunting.....	3,096,240	3,108,240	9,324,000
Food coupons.....	76,637,000	163,168,750	220,550,000
Total.....	25,271,626,574	26,326,327,442	1,678,987,566
Miscellaneous, checks, certificates, etc.:			
To office of issue.....	3,545,099	8,075,958	
Grand total.....	27,359,041,340	28,752,150,299	346,633,080,966

International Claims

TABLE 93.—*Status of Class III awards of the Mixed Claims Commission, United States and Germany, and Private Law 509 as of June 30, 1966*

Description	Class III awards—over \$100,000	Private Law 509, approved July 19, 1940
AWARDS ¹		
Principal of awards.....	\$117,387,252.24	\$160,000.00
Less amounts paid by Alien Property and others.....	266,072.77	
Interest to Jan. 1, 1928, as specified in awards.....	53,245,392.03	64,000.00
Interest thereon to date of payment or, if unpaid, to June 30, 1966 at 5 percent per annum, as specified in the Settlement of War Claims Act of 1928.....	81,522,745.79	178,192.02
Total due claimants.....	251,889,317.29	402,192.02
PAYMENTS		
Principal of awards.....	76,955,283.40	101,053.06
Interest to Jan. 1, 1928.....	53,245,392.03	64,000.00
Interest at 5 percent from Jan. 1, 1928, to date of payment.....	59,323,639.64	132,481.75
Total payments ²	189,524,315.07	297,534.81
BALANCE DUE		
Principal of awards.....	40,165,896.07	58,946.94
Interest to Jan. 1, 1928.....		
Accrued interest from Jan. 1, 1928, through June 30, 1966.....	22,199,106.15	45,710.27
Balance due claimants.....	62,365,002.22	104,657.21
Total reimbursement for administrative expenses ³	947,622.27	1,487.64

¹ Excludes Class I awards (on account of death and personal injury) which have been paid in full; and also Class II awards on which there remain balances totaling \$42,830.84. For details concerning all classes of awards, including claims of U.S. Government, see 1962 annual report, pp. 138 and 826.

² Amounts shown are gross; deductions for administrative expenses are shown below (see footnote 3).

³ Deductions of $\frac{1}{2}$ of 1 percent are made from each payment to cover administrative expenses. These amounts are covered into the Treasury as miscellaneous receipts.

NOTE.—On Feb. 27, 1953, the German Government agreed to pay \$97,500,000 (U.S. dollars) over a period of 25 years in full settlement of Germany's obligations on account of Class III awards and the award under Private Law 509. Through June 30, 1966, \$49,500,000 had been paid under the agreement.

TABLE 94.—*Status of claims of American nationals against certain foreign governments as of June 30, 1966*

	Bulgaria	Hungary	Rumania	Poland	War Claims Fund
Awards certified to the Treasury:					
Number of awards.....	231	1,301	565	7,361	2,363
Amount of awards:					
Principal.....	\$4,684,186.46	\$58,181,408.34	\$60,011,347.78	\$100,736,781.63	\$21,503,509.38
Interest.....	1,887,637.43	22,114,638.98	24,717,942.92	51,051,579.75	.....
Total.....	6,571,823.89	80,296,047.32	84,729,290.70	151,788,361.38	21,503,509.38
Deposits in claims funds.....	2,817,088.93	1,798,154.90	21,136,425.37	12,000,000.00	217,500,000.00
Statutory deduction for administrative expenses.....	140,854.44	89,907.79	1,056,821.25	(1)	(2)
Amounts available for payment on awards.....	2,676,234.49	1,708,247.11	20,079,604.12	12,000,000.00	217,500,000.00
Payments on awards:					
Principal.....	2,672,854.30	1,639,097.23	20,048,525.97	5,342,051.36	5,191,121.68
Interest.....	.....	.....	.....	.....	.....
Combined principal and interest.....	.....	.....	.....	.....	.....
Balances in claims funds.....	3,380.19	69,149.88	31,078.15	6,657,948.64	212,308,878.32

¹ Statutory deductions of 5 percent are made from each payment to cover administrative expenses.

² Statutory deductions of 5 percent are made by the Foreign Claims Settlement Commission prior to the funds being transferred to the Treasury.

International Financial Transactions

TABLE 95.—U.S. net monetary gold transactions with foreign countries and international institutions, fiscal years 1945-66

[In millions of dollars at \$35 per ounce. Negative figures represent net sales by the United States; positive figures, net purchases]

	1945-61	1962	1963	1964	1965	1966
Afghanistan.....	-5.3			(*)	(*)	-3.2
Algeria.....				-15.0		-0.8
Argentina.....	774.9	85.0		-30.0		
Australia.....						-8.3
Austria.....	-174.2	-56.3	-136.3	-87.5	-62.5	-62.5
Bank for International Settlements.....	-513.3					
Belgium.....	-367.1	-207.4			-101.7	-21.0
Bolivia.....	18.8			-1		
Brazil.....	-25.4		103.6	54.4	54.3	-3.8
Burma.....	-3.8	-5.0	-16.0			
Cambodia.....	-12.0	-3.1	-4.0	3.2		
Cameroon Republic.....			-1.9			-0.2
Canada.....	606.3	190.0				150.0
Central African Republic.....			-7			-0.1
Ceylon.....	-7.5			(*)	-4.3	-4.2
Chad.....			-7			-0.1
Chile.....	18.1				-3.3	-5.4
Colombia.....	62.8		37.8	(*)	40.0	6.2
Congo (Leopoldville).....		28.8		-3.1	1.6	-0.6
Costa Rica.....		-2.3	-6	-6	-1.9	-0.4
Cyprus.....		-2.0				
Dahomey.....			-8			-0.1
Denmark.....	-113.4		15.0			-13.3
Dominican Republic.....	-13.2	-3.1	-2	-2.5	-2	-6
Ecuador.....	2.1		-5.5			-1.3
Egypt.....	-128.3	-8.5	-1.6	-10.4	-3.7	-3.3
El Salvador.....	-15.2	-5.7		-2.2	-1.5	
Ethiopia.....						-1.0
Finland.....	-16.7			-5.0		
France.....	-236.4	-140.6	-517.6	-517.7	-832.5	-577.7
Gabon.....			-7			-0.1
Germany, Federal Republic of.....	-431.9			-200.0	-25.0	
Ghana.....	-5.6					
Greece.....	-107.2	-29.2				-4
Guinea.....				-2.8		
Haiti.....						-2
Honduras.....						-1.0
Iceland.....	-2.4	-7.1		(*)		
Indonesia.....	-112.9	-2			-4	
International Bank.....	18.8					
International Monetary Fund ¹	² 989.4	150.0	-5.9		³ -258.8	⁴ 182.8
Iraq.....		-16.2			-1	-7.5
Ireland.....	-29.8				-10.0	-4.0
Israel.....			(*)	(*)	-2.3	-2.3
Italy.....	-363.1	-10.0		-9.0		
Ivory Coast.....				200.0	-80.0	
Jamaica.....			-1.5			-0.2
Japan.....	-202.7					-2.5
Jordan.....						-56.3
Korea.....	-3.5					-6
Kuwait.....	-9.8		-12.5			-1.3
Laos.....	-1.9					
Lebanon.....	-21.8	-32.1	-21.0		-10.5	-10.8
Liberia.....						-2.4
Malagasy.....				-2.3		-1.0

Footnotes at end of table.

TABLE 95.—U.S. net monetary gold transactions with foreign countries and international institutions, fiscal years 1945-66—Continued

[In millions of dollars at \$35 per ounce. Negative figures represent net sales by the United States; positive figures, net purchases]

	1945-61	1962	1963	1964	1965	1966
Mali.....						-1.0
Mauretania.....				— .8		— .1
Mexico.....	14.9			-4.0		
Morocco.....	-21.0			— .1		3.8
Netherlands.....	-616.4	-24.9			-95.0	
Nicaragua.....	19.9				— .1	-2.1
Niger.....			— .8			
Nigeria.....		-20.0				
Norway.....	11.7					
Pakistan.....						— .6
Panama.....	— .1				-2.7	
Paraguay.....						— .9
Peru.....	-27.2		— .6	-10.6		
Philippines.....	38.8		24.6	9.6	9.7	
Portugal.....	-41.6					
Republic of Congo (Brazzaville).....			— .7			— .1
Rwanda.....						— .2
Saudi Arabia.....	-39.1	-25.1				
Senegal.....		— .8	— 1.7			
Somalia.....			— 1.9	(*)	— .1	— .9
South Africa.....	1,121.3					
Spain.....	-108.3	-204.1	-170.0	-2.0	-180.0	-30.0
Sudan.....		— .1	(*)		-7.6	-3.1
Surinam.....	— 5.0		2.5	2.5		
Sweden.....	246.4					-18.7
Switzerland.....	-811.6	46.9	5.0	-30.0	-101.0	18.0
Syria.....	-10.4	— 1.1	— .3	-3.0	— .7	-4.0
Togo.....		— 1.1				
Tunisia.....		— .5	— .5	— .5	— .1	-3.5
Turkey.....	49.3	— 1.1	6.0	9.8	-30.7	-20.9
United Kingdom.....	-677.9	-711.6	68.8	535.0	241.2	169.9
Upper Volta.....			— .8			— .1
Uruguay.....	-11.7		8.0	— .1	— .2	— .3
Vatican City.....	— 1.6			1.0		4.5
Venezuela.....	-360.9					-25.0
Vietnam.....						— .3
Yugoslavia.....	-17.4	— .7	— 1.6	-2.3	-2.3	-2.6
All other.....	-149.6	* -6.7	— 1.4	-1.9	— .6	— .7
Total.....	-1,836.2	-1,025.7	-636.5	-128.0	-1,473.1	-378.4

* Revised.

* Less than \$50,000.

¹ International Monetary Fund (IMF) figures prior to 1961 include gold purchases by the IMF on behalf of member countries for their payments to the IMF.

² Includes \$343.8 million payment to the International Monetary Fund. Pursuant to an act approved June 17, 1959 (22 U.S.C.286e-1), the United States made payment of its increase in quota to the IMF, amounting to \$1,375,000,000 on June 23, 1959. The payment was made in gold in the amount of \$343,750,000.40 and in nonnegotiable, noninterest-bearing notes of the United States amounting to \$1,031,249,999.60, in place of a like amount of currency.

³ Public Law 89-31, approved June 2, 1965, authorized an increase of \$1,035 million in the quota of the United States in the IMF. On June 30, 1965, the United States made the required payment of 25 percent of its quota increase in gold in the amount of \$258,750,004.03.

⁴ This amount constitutes a deposit by IMF with the United States under the mitigation program connected with payment of gold portion of country quota increases.

TABLE 96.—*Estimated gold reserves and dollar holdings of foreign countries and international institutions as of June 30, 1965, and June 30, 1966*

[In millions of dollars]

Area and country	June 30, 1965		June 30, 1966			
	Total gold and short-term dollars	U.S. Government bonds and notes	Gold	Short-term dollar holdings	Total gold and short-term dollars	U.S. Government bonds and notes
Western Europe:						
Austria.....	885	3	700	206	906	3
Belgium.....	1,983	(*)	1,555	378	1,933	(*)
Denmark.....	368	14	108	321	429	13
Finland.....	189	1	55	72	127	1
France.....	5,646	7	5,026	1,142	6,168	7
Germany, Federal Republic of.....	5,918	1	4,310	1,756	6,066	1
Greece.....	231	(*)	109	137	246	(*)
Italy.....	3,824	1	2,369	1,519	3,888	1
Netherlands.....	2,034	5	1,730	230	1,960	5
Norway.....	263	68	18	328	346	51
Portugal.....	795	(*)	607	285	892	(*)
Spain.....	1,011	2	785	115	900	2
Sweden.....	921	24	203	688	891	24
Switzerland.....	4,088	87	2,648	1,610	4,258	93
Turkey.....	145	(*)	116	21	137	(*)
United Kingdom.....	4,715	502	2,041	3,120	5,161	560
Yugoslavia.....	36	—	20	21	41	—
Other and unidentified ¹	305	50	—49	351	302	50
Total Western Europe.....	33,357	765	22,351	12,300	34,651	811
Canada.....	3,492	727	1,024	2,171	3,195	686
Latin American Republics:						
Argentina.....	378	(*)	64	485	549	(*)
Bolivia ²	59	(*)	6	64	70	(*)
Brazil.....	402	(*)	45	325	370	(*)
Chile.....	240	(*)	43	195	238	(*)
Colombia.....	190	1	24	182	206	1
Costa Rica ²	31	(*)	2	33	35	(*)
Cuba.....	11	(*)	n.a.	10	10	(*)
Dominican Republic ²	50	(*)	3	54	57	(*)
Ecuador ²	76	—	11	62	73	—
El Salvador ²	91	—	18	78	96	—
Guatemala ²	95	—	20	87	107	—
Haiti ²	16	(*)	(*)	17	17	(*)
Honduras ²	33	(*)	(*)	43	43	(*)
Jamaica ²	8	1	n.a.	11	11	1
Mexico.....	852	(*)	142	598	740	1
Nicaragua ²	67	(*)	(*)	75	75	(*)
Panama.....	124	1	(*)	156	156	1
Paraguay ²	12	—	(*)	15	15	—
Peru.....	330	1	65	247	312	1
Trinidad and Tobago ²	9	—	n.a.	6	6	—
Uruguay.....	295	(*)	155	179	334	(*)
Venezuela.....	1,097	(*)	401	700	1,101	1
Unidentified ³	—9	1	—11	—11	—11	—1
Total Latin American Republics.....	4,457	5	999	3,611	4,610	5

Footnotes at end of table.

TABLE 96.—*Estimated gold reserves and dollar holdings of foreign countries and international institutions as of June 30, 1965, and June 30, 1966—Continued*

[In millions of dollars]

Area and country	June 30, 1965		June 30, 1966			
	Total gold and short-term dollars	U.S. Government bonds and notes	Gold	Short-term dollar holdings	Total gold and short-term dollars	U.S. Government bonds and notes
Asia:						
India.....	353	(*)	243	124	367	(*)
Indonesia.....	58	1	35	49	84	1
Iran ²	203	(*)	132	79	211	(*)
Israel.....	167	(*)	46	118	164	(*)
Japan.....	* 3,170	9	329	2,897	3,226	9
Korea.....	91		3	119	122	
Pakistan ²	78	2	53	21	74	(*)
Philippines.....	281	(*)	45	329	374	(*)
Syria ²	22		19	5	24	
Thailand.....	592	(*)	92	576	668	(*)
Other and unidentified ^{3 4}	* 1,673	41	680	1,153	1,833	41
Total Asia ⁴	* 6,688	53	1,677	5,470	7,147	51
Africa:						
South Africa.....	424	(*)	640	67	707	(*)
United Arab Republic (Egypt).....	161		139	23	162	(*)
Other and unidentified ³	373	16	148	244	392	16
Total Africa.....	958	16	927	334	1,261	16
Other countries:						
Australia.....	433	(*)	222	279	501	(*)
New Zealand ²	21	1		27	27	1
Other and unidentified ^{3 4 5}	* 404	27	27	355	382	26
Total other countries ^{4 5}	* 858	28	249	661	910	27
Total foreign countries ⁴	* 49,810	1,594	27,227	24,547	51,774	1,596
International and regional ^{6 7}	6,689	799	2,571	5,082	7,653	433

* Less than \$500,000.

† Revised.

n.a. Not available.

¹ Includes holdings of the Bank for International Settlements (BIS) and the European Fund, gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries. The figures included for the gold reserves of the BIS represent the Bank's net gold assets.

² Data on short-term dollars for June 30, 1965, are as reported for Apr. 30, 1965, and for June 30, 1966, as reported for Apr. 30, 1966.

³ Gold and short-term dollar data for June 30, 1965, and June 30, 1966, include statistical adjustments arising from inclusion of data on short-term dollar holdings for some countries as of the preceding April 30.

⁴ Excludes gold reserves of the U.S.S.R., other Eastern European countries, and China mainland.

⁵ Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

⁶ Includes principally the International Monetary Fund, the International Bank for Reconstruction and Development, and regional organizations in Latin America and Europe, except for the Bank for International Settlements and the European Fund, which are included in "Other Western Europe."

⁷ Excludes gold subscription payments to the International Monetary Fund by member countries in anticipation of increase in Fund quotas. Amounts outstanding were \$259 million as of June 30, 1965, and \$1 million as of June 30, 1966.

NOTE.—Gold and short-term dollars represent reported and estimated official gold reserves, and official and private short-term dollar holdings (principally deposits and U.S. Treasury bills and certificates) reported by banks in the United States. Short-term dollars exclude U.S. Treasury letters of credit and non-negotiable, noninterest-bearing special U.S. notes held by the Inter-American Development Bank and by the International Development Association and the \$776 million letter of credit issued by the U.S. Treasury Department to the International Monetary Fund in payment of the dollar portion of the U.S. quota increase which became effective on Feb. 23, 1966. U.S. Government bonds and notes represent estimated official and private holdings of U.S. Government securities with an original maturity of more than one year except for nonmarketable U.S. Treasury notes, foreign series, and U.S. Treasury bonds, foreign currency series, which are excluded.

TABLE 97.—*U.S. gold stock, and holdings of convertible foreign currencies by U.S. monetary authorities, fiscal years 1952-66*

[In millions of dollars]

End of fiscal year or month	Total gold stock and foreign currency holdings	Gold stock ¹		Foreign currency holdings ³
		Treasury	Total ²	
1952.....	23,533	23,346	23,533	-----
1953.....	22,521	22,463	22,521	-----
1954.....	22,027	21,927	22,027	-----
1955.....	21,730	21,678	21,730	-----
1956.....	21,868	21,799	21,868	-----
1957.....	22,732	22,623	22,732	-----
1958.....	21,412	21,356	21,412	-----
1959.....	19,746	19,705	19,746	-----
1960.....	19,363	19,322	19,363	-----
1961.....	17,789	17,550	17,603	186
1962.....	17,081	16,435	16,527	554
1963.....	15,956	15,733	15,830	126
1964.....	15,805	15,461	15,623	182
1965.....	14,595	13,934	14,049	546
1966.....	14,251	13,433	13,529	722
1965-July.....	14,697	13,857	13,969	728
August.....	14,953	13,857	13,916	1,037
September.....	14,884	13,858	13,925	959
October.....	14,795	13,857	13,937	858
November.....	14,686	13,805	13,879	807
December.....	14,587	13,733	13,806	781
1966-January.....	14,450	13,732	13,811	639
February.....	14,188	13,730	13,811	377
March.....	14,297	13,634	13,738	559
April.....	14,190	13,632	13,668	522
May.....	14,210	13,532	13,582	628
June.....	14,251	13,433	13,529	722

¹ Includes gold sold to the United States by the International Monetary Fund with the right of repurchase, and gold deposited by the International Monetary Fund to mitigate the impact on the U.S. gold stock of foreign purchases for the purpose of making gold subscriptions to the Fund under quota increases. As of June 30, 1966, the gold sold with the right of repurchase amounted to \$800 million, and the gold deposit \$183 million.

² Includes gold in Exchange Stabilization Fund, which is not included in Treasury gold figures shown in daily Treasury statement.

³ Includes holdings of Treasury and Federal Reserve System.

NOTE.—The United States also had a gold tranche position in the International Monetary Fund, amounting to \$707 million as of June 30, 1966. In accordance with Fund policies the United States had the right to draw foreign currencies equivalent to this amount from the Fund virtually automatically if needed. Under appropriate circumstances, the United States could draw additional amounts equal to the U.S. quota of \$5,160 million.

TABLE 98.—*International investment position of the United States, total 1950; by area, 1964-65*

[In millions of dollars]

Type of investment	Total			Western Europe		Canada		Latin American Republics		Other foreign countries		International institutions and unallocated	
	1950	1964	1965 ^p	1964	1965 ^p	1964	1965 ^p	1964	1965 ^p	1964	1965 ^p	1964	1965 ^p
U.S. assets and investments abroad, total.....	31,539	99,119	106,065	27,875	29,594	24,844	25,995	17,325	18,207	24,276	27,140	4,799	5,129
Gold stock (not included in total).....	22,820	15,471	13,806										
Private investments.....	19,004	75,820	80,942	19,602	21,164	24,839	25,937	13,789	14,387	14,665	16,238	2,925	3,166
Long-term.....	17,488	64,919	70,801	17,528	19,101	22,688	24,694	11,197	11,784	10,581	12,078	2,925	3,166
Direct.....	11,788	44,386	49,217	12,109	13,894	13,796	15,172	8,894	9,371	7,702	8,763	1,885	2,017
Foreign dollar bonds.....	1,692	8,218	9,126	779	823	4,474	5,096	555	550	1,370	1,508	1,040	1,149
Other foreign bonds.....	1,466	978	1,050	30	80	710	736	167	183	71	71		
Foreign corporate stocks.....	1,175	5,270	5,048	2,065	1,893	2,948	2,865	67	75	190	215		
Banking claims.....	390	4,085	4,317	1,706	1,598	1,127	1,146	1,200	1,247	1,052	1,326	(*)	(*)
Other.....	977	1,982	2,043	839	813	633	679	314	358	196	193		
Short-term assets and claims.....	1,516	10,901	10,141	2,074	2,063	2,151	1,293	2,592	2,623	4,084	4,162	(*)	(*)
Reported by banks.....	886	7,957	7,728	1,210	1,175	1,004	669	2,131	2,204	3,612	3,680	(*)	(*)
Other.....	630	2,944	2,413	864	888	1,147	624	461	419	472	482	(*)	(*)
U.S. Government credits and claims.....	12,535	23,299	25,123	8,273	8,430	5	8	3,536	3,820	9,611	10,902	1,874	1,963
Long-term credits.....	10,768	18,777	20,318	7,354	7,403			3,298	3,679	7,025	8,141	1,100	1,095
Repayable in dollars.....	n.a.	13,974	14,968	6,197	6,230			2,972	3,255	3,705	4,388	1,100	1,095
Repayable in foreign currencies, etc. ⁹	n.a.	4,803	5,250	1,157	1,173			326	424	3,320	3,753		
Foreign currencies and short-term claims.....	322	3,321	3,161	491	253	2	2	238	141	2,585	2,760	5	5
IMF gold tranche position and monetary authorities' holdings of convertible currencies.....	1,445	1,201	1,644	428	774	3	6			1	1	769	863
Foreign assets and investments in the United States, total.....	17,635	56,883	58,932	33,367	34,149	8,307	8,169	5,462	6,034	7,008	7,905	2,739	2,675
Long-term.....	7,997	24,979	26,408	17,726	18,342	4,187	4,475	1,686	1,816	1,167	1,332	213	443
Direct.....	3,391	8,363	8,812	5,819	6,105	2,284	2,367	134	161	126	179		
Corporate stocks.....	2,925	13,835	14,598	10,159	10,530	1,726	1,930	1,077	1,172	792	871	81	95
Corporate, State, and municipal bonds.....	181	922	916	663	654	(*)	(*)	80	77			130	138
Other.....	1,500	1,859	2,082	1,085	1,053	177	178	395	406	200	235	2	210
Short-term assets and U.S. Government obligations.....	9,638	31,904	32,524	15,641	15,807	4,120	3,694	3,776	4,213	5,841	6,573	2,526	2,232
By type:													
Private obligations.....	6,477	17,534	18,162	7,088	7,138	2,205	1,887	3,340	3,709	4,475	5,036	426	392
Reported by banks.....	5,751	16,718	17,195	6,652	6,584	2,117	1,778	3,226	3,599	4,297	4,842	426	392
Other.....	726	816	967	436	554	88	109	114	110	178	194	(*)	(*)
U.S. Government obligations.....	3,161	14,370	14,362	8,553	8,669	1,915	1,807	436	509	1,366	1,537	2,100	1,840
Bills and certificates.....	1,508	8,799	8,356	5,585	5,019	867	796	170	241	1,157	1,331	1,020	969

Marketable bonds and notes.....	1, 470	¹⁰ 2, 405	2, 329	714	800	690	676	81	78	93	96	827	679
Nonmarketable bonds and notes.....	-----	¹¹ 1, 440	¹¹ 1, 692	1, 111	1, 393	¹¹ 329	¹¹ 299	-----	-----	-----	-----	-----	-----
Other ¹²	183	1, 726	1, 985	1, 143	1, 457	29	36	185	190	116	110	253	192
By holder:													
Foreign central banks and governments and international and regional institutions.....	n.a.	20, 032	20, 079	10, 541	10, 391	1, 841	1, 738	1, 649	1, 867	3, 475	3, 851	2, 526	2, 232
Foreign commercial banks ¹³	2, 100	7, 303	7, 419	3, 339	3, 498	1, 848	1, 641	408	409	1, 708	1, 971	-----	-----
Other private holders and unallocated.....	n.a.	4, 569	6, 026	1, 761	1, 918	431	415	1, 719	1, 942	658	751	(*)	(*)

^p Preliminary. n.a. Not available. *Negligible.

¹ Reflects payment of \$259 million gold portion of increased U.S. subscription to the IMF in the second quarter of 1965.

² Represents the estimated investment in shipping companies registered primarily in Panama and Liberia.

³ Consists primarily of securities payable in foreign currencies, but includes some dollar obligations including prior to 1963 participations and loans made by the International Bank for Reconstruction and Development. Effective 1963, participations in IBRD loans are included under banking claims and "other" long-term, according to country of obligor.

⁴ Excludes \$200 million netted against a related inflow of U.S. direct investment capital.

⁵ Includes \$254 million loaned to Canada in connection with Columbia River power development.

⁶ New series. For detail see *Treasury Bulletin*, August 1966, p. 99.

⁷ Excludes World War I debts that are not currently being serviced.

⁸ Includes indebtedness repayable in U.S. dollars, or optionally in foreign currencies

when option rests with U.S. Government.

⁹ Includes indebtedness which the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

¹⁰ New series based on a Federal Reserve Board survey as of July 31, 1963. Data to reconcile the old and new series are not available.

¹¹ Includes \$204 million at end of 1964 and \$174 million at end of 1965 of nonmarketable bonds issued to the Government of Canada in connection with transactions under the Columbia River Treaty.

¹² Includes noninterest-bearing demand notes issued in payment of subscriptions to international and regional organizations (other than IMF), portfolio fund certificates sold abroad by Export-Import Bank, liabilities associated with Government grant and capital transactions (including restricted accounts), and advances for military exports and other Government sales. Effective 1965, includes liabilities of U.S. monetary authorities for gold deposited by and held for IMF.

¹³ As reported by U.S. banks; ultimate ownership is not identified.

SOURCE.—Department of Commerce, "Survey of Current Business," September 1966.

TABLE 99.—U.S. balance of payments, calendar years 1963-65 and January-June 1966

[In millions of dollars]

PART I—SEASONALLY ADJUSTED

	1963	1964	1965	1966	
				Jan.-Mar.	Apr.-June
Trade.....	5,079	6,676	4,788	1,118	853
Exports.....	22,071	25,297	26,276	7,121	7,111
Imports.....	-16,992	-18,621	-21,488	-6,003	-6,258
Travel (including fares).....	-1,653	-1,601	-1,743	-454	-467
Receipts.....	1,052	1,245	1,377	377	373
Payments.....	-2,705	-2,846	-3,120	-831	-840
Military ²	-1,932	-1,859	-1,723	-585	-701
Receipts ²	1,004	975	1,158	269	212
Payments.....	-2,936	-2,834	-2,881	-854	-913
Other services and transfers (excluding direct investment income).....	749	953	994	277	307
Government grants and capital net.....	-3,542	-3,325	-3,492	-1,067	-983
Outflows.....	-4,551	-4,263	-4,277	-1,156	-1,165
(Dollar outflow).....	(-814)	(-685)	(-708)	(-194)	(-170)
Debt repayments.....	970	703	902	208	204
U.S. Government nonliquid liabilities.....	39	235	-117	-119	-22
Direct investment.....	1,158	1,254	590	326	89
Capital outflows.....	-1,976	-2,416	-3,371	-687	-957
Investment income.....	3,134	3,670	3,961	1,013	1,046
Bank claims.....	-1,535	-2,464	94	264	-131
Short-term.....	-781	-1,523	325	142	-87
Long-term.....	-754	-941	-231	122	-45
Nonbank claims.....	159	-966	345	-161	-22
Short-term.....	-4	-623	436	-144	34
Long-term.....	163	-343	-91	-17	-56
U.S. transactions in foreign securities.....	-1,104	-677	-758	-324	7
New issues.....	-1,250	-1,063	-1,206	-459	-189
Outstanding issues and redemptions.....	146	386	448	135	196
Foreign capital (excluding liquid liabilities).....	303	222	-3	318	958
Errors and omissions.....	-352	-1,011	-429	-268	-66
Balance on liquidity basis, seasonally adjusted.....	-2,670	-2,798	-1,337	-556	-157
Less: seasonal adjustment.....				-488	27
Balance on liquidity basis, (seasonally unadjusted).....	-2,670	-2,798	-1,337	-68	-184
Balance on official reserve transactions basis ³	-2,044	-1,546	-1,305	-246	-186

Footnotes at end of table.

TABLE 99.—U.S. balance of payments, calendar years 1963-65 and January-June 1966—Continued

[In millions of dollars]

PART II—SEASONALLY UNADJUSTED

	1963	1964	1965	1966	
				Jan.-Mar.	Apr.-June ^p
Balance on liquidity basis (seasonally unadjusted).....	2,670	2,798	1,337	68	184
Increase in short-term official and banking liabilities and in foreign holdings of marketable U.S. Government bonds and notes.....	1,589	2,252	-8	10	292
Foreign holders other than official.....	619	1,554	132	475	43
Foreign official holders.....	970	698	-140	-465	249
Net sales of nonmarketable, medium-term, convertible securities.....	703	375	123	-366	-176
Decrease in U.S. monetary reserve assets.....	378	171	1,222	424	68
IMF gold tranche position.....	30	266	-94	134	22
Convertible currencies.....	-113	-220	-349	222	-163
Gold.....	461	125	1,665	68	209

¹ Fares are estimated for 1966. ^p Preliminary.² Includes advance receipts.³ Balance on official reserve transactions basis equals balance on liquidity basis plus changes in liquid dollar liabilities to foreigners other than official national institutions minus changes in certain nonliquid liabilities to official national institutions.

SOURCE.—Department of Commerce, "Survey of Current Business," June and September 1966.

TABLE 100.—*Assets and liabilities of the Exchange Stabilization Fund as of June 30, 1965 and 1966*

Assets and liabilities	June 30, 1965	June 30, 1966 *	Fiscal year 1966, increase, or decrease (—)
ASSETS			
Cash:			
Treasurer of the United States, checking account.....	\$1,125,668.72	\$1,043,588.85	—\$82,079.87
Federal Reserve Bank of New York, special account.....			
Imprest fund.....	500.00	500.00	
Total cash.....	1,126,168.72	1,044,088.85	—82,079.87
Special account of the Secretary of the Treasury in the Federal Reserve Bank of New York—gold (schedule 1).....	115,194,324.01	95,132,855.67	—20,061,468.34
Foreign exchange due from foreign banks:			
Oesterreichische Nationalbank.....	3,959.41	3,956.35	—3.06
Banque Nationale de Belgique.....	16,102.76	15,983.64	—119.12
Banque Nationale de Belgique (IMF).....		294,525.00	294,525.00
Banco do Brasil.....	22,340,000.00	8,240,000.00	—14,100,000.00
Bank of Canada.....	717,590.35	783,774.41	66,184.06
Bank of Canada (IMF).....	6,000,000.00		—6,000,000.00
Banco Central de Chile.....	23,565,000.00	12,330,006.30	—11,234,993.70
Banco de la Republica, Colombia.....		7,705,479.45	7,705,479.45
Deutsche Bundesbank.....	2,517,722.97	2,492,402.47	—25,320.50
Deutsche Bundesbank (IMF).....	14,787.04	2,116.81	—12,670.23
Banco Central de la Republica Dominicana.....	6,250,000.00	3,083,765.05	—3,166,234.95
Bank of England.....	3,490,710.91	171,006,165.49	167,515,454.58
Banca d'Italia.....	63,681.37	255,309.36	191,627.99
Banca d'Italia (IMF).....	11,500,000.00	1,500,000.00	—10,000,000.00
De Nederlandsche Bank.....	784,598.53	263,837.39	—520,761.14
Sveriges Riksbank.....	4,952.77	4,952.77	
Banque Nationale Suisse.....	347,293.86	50,043.58	—297,250.28
Bank for International Settlements.....	3,050,583.82	17,578,367.60	14,527,783.78
Investments in U.S. Government securities (schedule 2).....	256,805,515.33	643,290,447.52	386,484,932.19
Investments in foreign securities (schedule 2).....	60,752,715.32	46,446,138.21	—14,306,577.11
Interest purchased.....		7,683.42	7,683.42
Accrued interest receivable.....	2,642,771.20	3,958,320.27	1,315,549.07
Accounts receivable.....	377,963.79	153,896.33	—224,067.46
Deferred charges.....	70,123.52	92,406.48	22,282.96
Office equipment and fixtures, less allowance for depreciation.....	71,385.60	63,754.60	—7,631.00
Land and structures.....	150,000.00	150,000.00	
Total assets.....	517,857,951.28	1,015,950,277.02	498,092,325.74
LIABILITIES AND CAPITAL			
Liabilities: ¹			
Vouchers payable.....	30,890.04	20,652.02	—10,238.02
Accounts payable.....	² 328,878.23	397,109.94	68,231.71
Special accounts.....	15,795,471.49	24,772,478.08	8,977,006.59
Advance from U.S. Treasury (U.S. drawings on IMF).....	126,000,000.00	583,000,000.00	457,000,000.00
Total liabilities.....	142,155,239.76	608,190,240.04	466,035,000.28
Capital:			
Capital account.....	200,000,000.00	200,000,000.00	
Cumulative net income (schedule 3).....	175,702,711.52	207,760,036.98	32,057,325.46
Total capital.....	375,702,711.52	407,760,036.98	32,057,325.46
Total liabilities and capital.....	517,857,951.28	1,015,950,277.02	498,092,325.74

¹ For contingent liabilities under outstanding stabilization agreements, see schedule 4.² Includes amount previously reported as employees' payroll allotment accounts, U.S. savings bonds.

* Preliminary.

TABLE 100.—*Assets and liabilities of the Exchange Stabilization Fund as of June 30, 1965 and June 30, 1966—Continued*

SCHEDULE 1.—SPECIAL ACCOUNT OF THE SECRETARY OF THE TREASURY IN THE FEDERAL RESERVE BANK OF NEW YORK—GOLD

Gold accounts	June 30, 1965		June 30, 1966 ^a	
	Ounces	Dollars	Ounces	Dollars
Federal Reserve Bank of New York.....	352,544.881	\$12,339,070.86	1,067,574.770	\$37,365,116.95
Federal Reserve Bank of New York, Account No. 1 (Bank of Canada).....	-----	-----	1,428,770.580	50,006,970.30
Federal Reserve Bank of New York, Account No. 4 (Bank of England).....	34,210.013	1,199,011.54	174,276.414	6,104,552.59
U.S. Assay Office, New York.....	2,904,463.905	101,656,241.61	47,320.310	1,656,215.83
Total gold.....	3,291,218.799	115,194,324.01	2,717,942.074	95,132,855.67

^a Preliminary.SCHEDULE 2.—INVESTMENTS HELD BY THE EXCHANGE STABILIZATION FUND,
JUNE 30, 1966 ^a

Securities	Face value	Cost (in dollars)	Average price	Accrued interest
U.S. Government securities, public issues:				
Treasury bonds:				
2½% of 1964-69 (dated Apr. 15, 1943).....	\$2,200,000.00	\$2,199,625.00	99.98295	\$2,254.10
2½% of 1964-69 (dated Sept. 15, 1943).....	400,000.00	399,875.00	99.96875	409.83
2½% of 1965-70.....	10,000,000.00	10,000,000.00	100.00000	72,690.22
2½% of 1966-71.....	2,400,000.00	2,398,843.75	99.95182	17,445.65
2½% of 1967-72 (dated Nov. 15, 1945).....	10,000,000.00	10,000,000.00	100.00000	10,245.90
Treasury notes:				
4½% F-1967 maturing Nov. 15, 1967.....	58,000,000.00	57,905,781.24	-----	345,754.08
Total public issues.....	83,000,000.00	82,904,124.99	-----	448,799.78
Special issues, Exchange Stabilization Fund series:				
4.40% maturing July 1, 1966.....	536,384,666.28	536,384,666.28	-----	2,718,516.35
4.55% maturing July 1, 1966.....	4,000,000.00	4,000,000.00	-----	772,478.08
4.83% maturing July 1, 1966.....	20,000,000.00	20,000,000.00	-----	18,526.06
Total special issues.....	560,384,666.28	560,384,666.28	-----	3,509,520.49
Subtotal.....	643,384,666.28	-----	-----	-----
Less unamortized discount.....	94,218.76	-----	-----	-----
Total.....	643,290,447.52	643,288,791.27	-----	3,958,320.27
Foreign securities:				
British Government, Treasury bills.....	£14,820,000/0/0	40,833,152.44	-----	-----
Republic of Germany, Treasury bills.....	DM5,500,000.00	1,355,507.99	-----	-----
Republic of Germany, Treasury bills (IMF).....	DM17,200,000.00	4,257,477.78	-----	-----
Total foreign securities.....	-----	46,446,138.21	-----	-----

^a Preliminary.

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TABLE 100.—*Assets and liabilities of the Exchange Stabilization Fund as of June 30, 1965 and June 30, 1966—Continued*

SCHEDULE 3.—INCOME AND EXPENSE

Classification	Jan. 31, 1934, through—	
	June 30, 1965	June 30, 1966 ^a
Income:		
Profits on transactions in:		
Gold and exchange (including profits from handling charges on gold)	\$138,704,308.37	\$145,374,968.26
Sale of silver to U.S. Treasury	3,473,362.29	3,473,362.29
Silver	102,735.27	102,735.27
Investments	2,638,546.28	2,638,546.28
Miscellaneous	132,850.91	139,895.27
Interest on:		
Investments	51,356,155.59	78,021,845.76
Foreign balances	20,729,921.54	24,874,208.45
Total income	217,137,880.25	254,625,561.58
Expense:		
Personnel compensation and benefits	31,590,356.23	34,926,740.39
Travel	1,973,064.47	2,150,080.65
Transportation of things	2,308,880.07	2,450,283.57
Rent, communications, and utilities	942,213.09	1,029,166.08
Supplies and materials	266,157.50	299,454.33
Other	4,354,497.37	6,009,799.58
Total expense	41,435,168.73	46,865,524.60
Cumulative net income	175,702,711.52	207,760,036.98

^a Preliminary.

SCHEDULE 4.—CURRENT U.S. STABILIZATION AGREEMENTS, JUNE 30, 1966

Country	Effective dates			Amounts (in millions)		
	Original	Renewal	Expiration	Original agreement	Advances by the United States	Repayments to the United States
Brazil	May 16, 1961		May 15, 1963 ¹	\$70.0	\$130.0	\$121.8
Chile	Jan. 31, 1963		Jan. 30, 1964 ¹	10.0	10.0	10.0
Chile	Mar. 13, 1964		Feb. 4, 1965 ¹	15.0	12.0	10.0
Chile	Feb. 4, 1965		Jan. 30, 1966 ¹	16.1	16.1	5.8
Colombia	Apr. 1, 1966		Mar. 31, 1967	12.5	7.7	
Dominican Republic	Aug. 10, 1964		Aug. 10, 1965 ¹	6.3	6.3	3.2
Mexico	Jan. 1, 1966		Dec. 31, 1967	75.0		
Venezuela	Mar. 18, 1966		Mar. 17, 1968	50.0		

¹ No further drawings permitted after expiration.

TABLE 101.—*Summary of receipts, withdrawals, and balances of foreign currencies acquired by the United States without purchase with dollars, fiscal year 1966*

(In U.S. dollar equivalents)

Balance held by Treasury Department, July 1, 1965.....		\$1, 583, 846, 398.85
Receipts:		
Sale of surplus agricultural commodities pursuant to:		
Title I, Public Law 480, Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704-5).....	\$947, 978, 346.63	
Commodity Credit Corporation Charter Act (15 U.S.C. 713a).....	696, 125.56	
Loans and other assistance:		
Title I, Public Law 480, loan repayments, including interest:		
Sec. 104(e), loans to private enterprises.....	17, 799, 138.48	
Sec. 104(g), loans to foreign governments.....	91, 757, 690.55	
Sec. 612, Foreign Assistance Act of 1961 (22 U.S.C. 2362) loan repayments including interest:		
Development Loan Fund and Mutual Security Program.....	141, 925, 465.25	
Informational media guaranties (22 U.S.C. 1442), principal.....	2, 449, 004.66	
Lend-lease and surplus property agreements (22 U.S.C. 412b) and (50 App. U.S.C. 1641(b)(1), 1946 ed.) ¹	18, 866, 536.41	
Bilateral agreements 5% and 10% counterpart funds (22 U.S.C. 1852(b)) ¹	2, 484, 916.11	
Interest on public deposits.....	26, 310, 883.75	
All other sources.....	33, 571, 777.54	
Total collections.....		1, 283, 839, 884.94
Total available.....		2, 867, 686, 283.79
Withdrawals:		
Sold for dollars, proceeds credit to: ²		
Miscellaneous receipts of the general fund.....	136, 345, 236.30	
Commodity Credit Corporation, Agriculture.....	133, 377, 718.64	
Informational media guaranties fund, USIA.....	2, 473, 162.87	
Other fund accounts.....	55, 111, 031.38	
Total sold for dollars.....		327, 307, 149.19
Requisitioned for use without reimbursement to the Treasury pursuant to:		
Sec. 104, Public Law 480, as amended (7 U.S.C. 1704).....	903, 134, 116.04	
Other authority.....	421, 582.22	
Total requisitioned without reimbursement.....		903, 555, 698.26
Total withdrawals.....		1, 230, 862, 847.45
Adjustment for rate differences.....		-360, 171, 211.52
Balances held by Treasury Department, June 30, 1966.....		1, 276, 652, 224.82
Analysis of balance held by Treasury Department June 30, 1966:		
Proceeds for credit to miscellaneous receipts of the general fund.....		414, 216, 772.66
Proceeds for credit to agency accounts:		
Commodity Credit Corporation, Agriculture.....		358, 653, 364.29
Informational media guaranties fund, USIA.....		258, 854.68
Other.....		-53, 584, 913.29
For program allocations:		
Sec. 104, title I, Public Law 480, as amended.....		557, 108, 146.48
Total.....		³ 1, 276, 652, 224.82

Footnotes at end of table.

TABLE 101.—*Summary of receipts, withdrawals, and¹ balances of foreign currencies acquired by the United States without purchase with dollars, fiscal year 1966—Con.*

(In U.S. dollar equivalents)

Balances held by other executive agencies June 30, 1966, for purpose of:	
Economic and technical assistance under Mutual Security Act.....	\$19,616,121.75
Programed uses under Agricultural Trade Development and Assistance Act.....	939,253,671.04
Military family housing in foreign countries.....	1,908,173.14
Trust agreements with foreign countries.....	32,735,025.96
Other.....	627,297.18
Total.....	994,140,289.07
Grand total.....	2,270,792,513.89

¹ Collections under lend-lease and surplus property agreements will continue to be made until such agreements are satisfied, although the act originally authorizing such action has been repealed.

² Dollars acquired from the sale of foreign currencies are derived from charges against the dollar appropriations of the Federal agencies which use the currencies. These dollar proceeds are credited to either miscellaneous receipts or other appropriate accounts on the books of the Treasury.

³ Represents the dollar value of currencies held in the accounts of the Treasury Department only. Currencies transferred to agency accounts pursuant to requisitions submitted to the Treasury Department, or as otherwise authorized, are accounted for by the U.S. Government agencies. Balances held by executive departments and agencies as of June 30, 1966, are stated at the end of summary.

NOTE.—For the purpose of providing a common denominator, the currencies of 87 foreign countries are herein stated in U.S. dollar equivalents. It should not be assumed that dollars in amounts equal to the balances shown are actually available. The dollar equivalents are calculated at varying rates of exchange. Foreign currencies deposited under certain provisions of Public Law 480 and the Mutual Security Act were converted at deposit rates provided for in the international agreements with the respective countries. The greater portion of these currencies is available to agencies, without reimbursement pursuant to legislative authority and, when disbursed to the foreign governments, will generally be accepted by them at the deposit or collection rates. Currencies available for sale for dollars and certain other U.S. uses were converted at market rates of exchange in effect on the date of the sale and market rates in effect at the end of the month for transactions during the month, these market rates being those used to pay U.S. obligations. The closing balances were converted at the June 30, 1966, market rates.

For detailed data on collections and withdrawals by country and program, see part V of the "Combined Statement of Receipts, Expenditures and Balances of the United States Government for the Fiscal Year Ended June 30, 1966."

TABLE 102.—*Balances of foreign currencies acquired by the United States without purchase with dollars, June 30, 1966*

Country	Currency	In Treasury accounts		In agency accounts	
		Foreign currency	Dollar equivalent	Foreign currency	Dollar equivalent
Afghanistan.....	Afghani.....	5,244,876.48	\$69,166.24	68,484,840.78	\$903,136.50
Argentina.....	Peso.....	-----	-----	492,272.64	2,461.36
Australia.....	Dollar.....	-----	-----	13,338.96	14,903.87
Austria.....	Schilling.....	-247,012.93	-9,592.74	247,012.93	9,592.74
Belgium.....	Franc.....	6,845,440.00	134,119.12	655,543.00	12,843.71
Bermuda.....	Pound.....	-294.21	-821.35	760.43	2,122.92
Bolivia.....	Peso.....	36,459,113.56	3,068,948.95	164,091,433.86	13,812,410.25
Brazil.....	Cruzeiro.....	3,016,505,317.00	1,371,138.78	52,322,934,296.00	23,783,151.95
Burma.....	Kyat.....	53,935,128.61	11,414,842.03	46,794,442.46	9,903,585.70
Cambodia.....	Riel.....	-293,398.80	-8,399.62	11,858,839.22	339,502.98
Ceylon.....	Rupee.....	10,670,754.40	2,242,697.43	24,131,041.29	5,071,677.44
Chile.....	Escudo.....	2,483,887.53	542,332.96	10,916,402.35	2,383,493.97
China.....	N.T. dollar.....	210,095,181.09	5,252,379.53	376,050,238.97	9,401,255.97
Colombia.....	Peso.....	-22,541,740.83	-1,306,767.59	32,172,695.71	1,865,083.81
Congo, Republic of the.....	Franc.....	751,448,478.00	5,009,656.52	2,108,927,541.00	14,059,516.95
Costa Rica.....	Colon.....	-11,769.46	-1,777.86	313,329.22	47,330.69
Cyprus.....	Pound.....	-59,327.41	-166,276.37	430,398.33	1,206,273.32
Czechoslovakia.....	Koruna.....	7,154,894.44	994,196.40	6,662.56	464.29
Denmark.....	Krone.....	-11,834.29	-1,711.89	11,834.29	1,711.89
Dominican Republic.....	Peso.....	-341.94	-341.94	433,806.34	433,806.34
Ecuador.....	Sucre.....	-561,118.69	-29,532.56	851,112.19	44,795.37
El Salvador.....	Colon.....	-2,380.88	-952.35	2,380.88	952.35
Ethiopia.....	E. dollar.....	736,970.61	297,045.79	2,711,491.30	1,092,902.59
Finland.....	New markka.....	4,338.70	1,352.04	1,594,299.37	496,821.24
France.....	Franc.....	6,666,683.68	1,360,547.69	219,412.78	44,778.12
Germany, Federal Republic of.....	W.D. mark.....	19,278,189.66	4,800,346.04	13,994,611.86	3,484,714.10
Germany, East.....	E.D. mark.....	32,042.69	2,584.09	-----	-----
Ghana.....	Cedi.....	1,741,745.13	2,035,700.24	1,268.56	1,482.66
Greece.....	Drachma.....	-234,180,321.35	-7,806,010.71	255,259,044.35	8,508,634.81
Guatemala.....	Quetzal.....	226,118.43	226,118.43	12,642.66	12,642.66
Guinea.....	Franc.....	1,554,191,092.00	6,305,034.85	5,560,912,084.00	22,559,481.06
Honduras.....	Lempira.....	381,686.61	190,843.30	1,925.00	962.50
Hong Kong.....	H.K. dollar.....	-18,828.79	-3,259.83	20,533.88	3,555.03
Hungary.....	Forint.....	615,720.00	12,827.50	38,165.80	795.12
Iceland.....	Krona.....	16,188,932.12	376,925.07	2,176,260.83	50,669.94
India.....	Rupee.....	3,406,389,163.39	454,185,221.78	3,373,981,779.05	449,864,237.21
India (Nepal U.S.D.O.).....	Indian rupee.....	-----	-----	55,453,005.85	7,393,734.11
Indonesia.....	Rupiah.....	-1,443,697,230.42	-15,196.82	14,047,605,949.82	147,869.54
Iran.....	Rial.....	-293,616,308.55	-3,914,884.12	907,060,765.49	12,094,143.54
Iraq.....	Dinar.....	-106.64	-297.89	106.64	297.89
Ireland.....	Pound.....	-380.69	-1,064.28	380.69	1,064.28
Israel.....	Pound.....	73,341,333.78	24,447,111.26	48,759,601.24	16,253,200.41
Italy.....	Lira.....	483,850,890.00	774,161.43	701,422,763.00	1,122,276.42
Ivory Coast.....	C.F.A. franc.....	-430,085,691.00	-1,755,451.80	430,019,911.00	1,755,183.32
Jamaica.....	Pound.....	-394.92	-1,104.07	394.92	1,104.07
Japan.....	Yen.....	9,421,824,330.00	26,171,734.25	16,951,160.00	47,086.56
Jordan.....	Dinar.....	-397.16	-1,113.74	879.38	2,466.00
Kenya.....	Shilling.....	-113,664.35	-15,955.13	442,608.40	62,129.20
Korea.....	Won.....	-114,252,215.36	-423,313.14	711,747,407.66	2,637,078.20
Laos.....	Kip.....	-552,472.61	-2,301.97	511,568,667.12	2,131,536.11
Lebanon.....	Pound.....	-6,819.61	-2,192.80	6,819.61	2,192.80
Libya.....	Pound.....	28,555.68	79,653.22	31,615.52	88,188.34
Malawi.....	Pound.....	-1,589.10	-4,458.75	11,591.93	32,525.05
Malaysia.....	Malayan dollar.....	-1,805.03	-592.20	1,805.03	592.20
Mali.....	Franc.....	-11,801,655.00	-48,268.53	222,925,289.00	911,759.87
Mexico.....	Peso.....	-62,450.00	-5,000.00	63,496.00	5,083.75
Morocco.....	Dirham.....	28,068,387.21	5,592,426.23	72,871,863.92	14,519,199.83
Netherlands.....	Guilder.....	-3,087,018.19	-851,356.37	3,313,395.19	913,787.97
New Zealand.....	Pound.....	-1,496.12	-4,179.12	1,496.12	4,179.12
Nicaragua.....	Cordoba.....	-8,407.00	-1,201.00	8,407.00	1,201.00
Nigeria.....	Pound.....	-108.95	-304.51	1,394.39	3,897.12
Norway.....	Krone.....	-7,471.56	-1,047.17	7,471.56	1,047.17
Pakistan (Afghanistan, U.S.D.O.).....	Rupee.....	448,114,040.89	93,163,127.01	410,085,079.43	85,256,773.27
Pakistan (Afghanistan, U.S.D.O.).....	Pakistan rupee.....	-----	-----	414,694.15	86,215.00

Footnotes at end of table.

TABLE 102.—*Balances of foreign currencies acquired by the United States without purchase with dollars, June 30, 1966—Continued*

Country	Currency	In Treasury accounts		In agency accounts	
		Foreign currency	Dollar equivalent	Foreign currency	Dollar equivalent
Paraguay.....	Guarani.....	-38,820,000.00	-\$308,095.24	758,923,771.31	\$6,023,204.54
Peru.....	Sol.....	-60,103,842.98	-2,242,680.71	158,629,623.88	5,919,015.81
Philippines.....	Peso.....	-2,517,614.30	-648,201.42	40,122,177.83	10,330,117.88
Poland.....	Zloty.....	11,744,034,742.97	489,334,780.96	107,419.72	4,475.82
Portugal.....	Escudo.....	-175,070.24	-6,093.64	175,070.24	6,093.64
Senegal.....	C.F.A. franc.....	-260,778,732.00	-1,064,402.99	525,016,993.00	2,142,926.51
Somali.....	Somalo.....			975,778.06	137,433.53
South Africa.....	Rand.....	-34.45	-48.58	1,315.42	1,854.79
Spain.....	Peseta.....	-115,127,492.53	-1,921,994.87	145,408,160.09	2,427,515.20
Sudan.....	Pound.....	403,107.65	1,161,358.84	2,247,178.03	6,474,151.64
Sweden.....	Krona.....	-15,560.04	-3,018.44	15,560.04	3,018.44
Switzerland.....	Franc.....	1,913,146.35	443,473.88	83,468.23	19,348.22
Syrian Arab Republic.....	Pound.....	-366,046.77	-85,524.95	39,318,004.52	9,186,449.66
Thailand.....	Baht.....	-857,883.95	-41,604.46	17,075,323.14	828,095.21
Trinidad.....	Trinidad & Tobago dollar.....	-3.60	-2.10	3.60	2.10
Tunisia.....	Dinar.....	2,719,064.80	5,218,934.36	7,089,672.21	13,606,981.72
Turkey.....	Lira.....	-89,691,205.38	-9,965,689.48	204,120,689.43	22,680,076.61
Uganda.....	Shilling.....	-453,235.30	-63,620.90	453,235.30	63,620.90
United Arab Republic.....	Pound.....	69,850,131.58	125,720,179.23	53,836,386.27	96,897,743.47
United Kingdom.....	Pound.....	-848,389.54	-2,367,818.97	1,290,569.15	3,601,923.36
Uruguay.....	Peso.....	-51,366.70	-793.92	231,366.70	3,576.00
Venezuela.....	Bolivar.....			19,364.40	4,322.41
Vietnam.....	Piastre.....	-410,163,400.33	-5,127,042.50	1,631,340,339.81	20,391,754.25
Yugoslavia.....	Dinar.....	561,032,759.52	44,882,620.76	981,044,815.73	78,483,585.25
Zambia.....	Pound.....			1,936.78	5,438.86
Total.....			1,276,652,224.82		1,994,140,289.07

¹ For the purpose of providing a common denominator, the currencies of 87 foreign countries are herein stated in U.S. dollar equivalents. It should not be assumed that dollars in amounts equal to the balances shown are actually available.

Indebtedness of Foreign Governments

TABLE 103.—*Status of indebtedness of foreign governments to the United States arising from World War I as of June 30, 1966*

	Original indebtedness	Interest through June 30, 1966	Total	Cumulative payments		Amount due June 30, 1966		
				Principal	Interest	Total	Unmatured principal	Principal and interest due and unpaid
Armenia.....	\$11,959,917.49	\$27,989,075.11	\$39,948,992.60			\$39,948,992.60		\$39,948,992.60
Austria ¹	26,843,148.66	44,058.93	26,887,207.59	\$862,668.00		26,024,539.59	\$1,765,252.62	24,259,286.97
Belgium.....	419,837,630.37	310,568,720.47	730,406,350.84	19,157,630.37	\$33,033,642.87	678,215,077.60	205,180,000.00	473,035,077.60
Cuba.....	10,000,000.00	2,286,751.58	12,286,751.58	10,000,000.00	2,286,751.58			
Czechoslovakia.....	185,071,023.07	106,472,607.35	291,543,630.42	19,829,914.17	304,178.09	271,409,538.16	86,450,000.00	184,959,538.16
Estonia.....	16,466,012.87	21,297,250.01	37,763,262.88		1,248,432.07	36,514,830.81	9,362,000.00	27,152,830.81
Finland.....	8,999,999.97	11,308,583.46	20,308,583.43	4,107,999.97	11,308,583.46	4,892,000.00	4,892,000.00	
France.....	4,089,689,588.18	3,112,148,825.89	7,201,838,414.07	226,039,588.18	260,036,302.82	6,715,762,523.07	1,833,689,533.75	4,882,072,989.32
Great Britain.....	4,802,181,641.56	6,828,231,958.11	11,630,413,599.67	434,181,641.56	1,590,672,656.18	9,605,559,301.93	2,527,000,000.00	7,078,559,301.93
Greece ²	32,499,922.67	17,653,308.44	50,153,231.11	983,922.67	3,143,133.34	46,026,175.10	8,400,000.00	37,626,175.10
Hungary ³	1,982,555.50	2,709,075.61	4,691,631.11	73,995.50	482,924.26	4,134,711.35	1,136,425.00	2,998,286.35
Italy.....	2,042,364,319.28	324,894,220.22	2,367,258,539.50	37,464,319.28	63,365,560.88	2,266,428,659.34	1,208,400,000.00	1,058,028,659.34
Latvia.....	6,888,664.20	9,011,442.91	15,900,107.11	9,200.00	752,349.07	15,138,558.04	3,949,300.00	11,189,258.04
Liberia.....	26,000.00	10,471.56	36,471.56	26,000.00	10,471.56			
Lithuania.....	6,432,465.00	8,396,546.82	14,829,011.82	234,783.00	1,003,173.58	13,591,055.24	3,615,472.00	9,975,583.24
Nicaragua ⁴	141,950.36	26,625.48	168,575.84	141,950.36	26,625.48			
Poland.....	207,344,297.37	272,277,844.38	479,622,141.75	1,287,297.37	21,359,000.18	456,975,844.20	120,038,000.00	336,937,844.20
Rumania.....	68,359,192.45	49,446,545.08	117,805,737.53	7,498,632.02	7,292,375.20	113,014,730.31	33,013,000.00	80,001,730.31
Russia.....	192,601,297.37	466,459,614.65	659,060,912.02		8,750,311.88	650,310,600.14		650,310,600.14
Yugoslavia.....	63,577,712.55	23,668,402.92	87,246,115.47	1,952,712.55	636,059.14	84,657,343.78	36,598,000.00	48,059,343.78
Total.....	12,193,267,338.92	11,594,901,928.98	23,788,169,267.90	760,852,255.00	1,998,712,531.64	21,028,604,481.26	6,083,488,983.37	14,945,115,497.89

¹ The Federal Republic of Germany has recognized liability for securities falling due between Mar. 12, 1938, and May 8, 1945.

² \$6,360,250.26 has been made available for educational exchange programs with Finland pursuant to 20 U.S.C. 222-224.

³ Includes \$11,336,000.00 of this debt which has been refunded by the agreement of May 28, 1964. The agreement has not been ratified by Congress.

⁴ Interest payments from Dec. 15, 1932, to June 15, 1937, were paid in pengoe equivalent.

⁵ The indebtedness of Nicaragua was canceled pursuant to the agreement of Apr. 14, 1938.

⁶ Excludes claim allowance of \$1,813,428.69 dated Dec. 15, 1929.

⁷ Excludes payment of \$100,000.00 on June 14, 1940, as a token of good faith.

⁸ Principally proceeds from liquidation of Russian assets in the United States.

TABLE 104.—*Status of German World War I indebtedness as of June 30, 1966*

	Funded indebtedness	Interest	Total	Payments	Amount due June 30, 1966		
					Principal	Interest	Total
Agreements of June 23, 1930, and May 26, 1932:							
Mixed claims (reichsmarks)...	¹ 1,632,000,000.00	533,460,000.00	2,165,460,000.00	87,210,000.00	1,550,400,000.00	527,850,000.00	² 2,078,250,000.00
Army costs (reichsmarks).....	1,048,100,000.00	539,230,801.50	1,587,330,801.50	51,456,406.25	997,500,000.00	538,374,395.25	² 1,535,874,395.25
Total (reichsmarks).....	2,680,100,000.00	1,072,690,801.50	3,752,790,801.50	138,666,406.25	2,547,900,000.00	1,066,224,395.25	³ 3,614,124,395.25
U.S. dollar equivalent ⁴	\$1,059,107,665.84	\$432,056,612.45	\$1,491,164,178.29	⁵ \$33,587,809.69	\$1,027,568,070.00	\$430,008,298.60	\$1,457,576,368.60
Agreement of February 27, 1953— Mixed claims (U.S. dollars).....	97,500,000.00	-----	97,500,000.00	49,500,000.00	48,000,000.00	-----	48,000,000.00

¹ Agreement of Feb. 27, 1953, provided for cancellation of 24 bonds totaling 489,600,000 reichsmarks and issuance of 26 dollar bonds totaling \$97,500,000.00. The dollar bonds mature serially over 25 years beginning Apr. 1, 1953. All unmatured bonds are of \$4,000,000.00 denomination.

² Includes past due amounts (in reichsmarks) as follows:

	Principal	Interest
Mixed claims.....	938,400,000.00	527,850,000.00
Army costs.....	972,200,000.00	533,093,406.25
Moratorium on Army costs.....	25,300,000.00	5,280,989.00

³ Includes 4,027,611.95 reichsmarks (1,529,049.45 on moratorium agreement (Army costs) and 2,498,562.50 (interest on funded agreement) deposited by German Government in the Konversionskasse für Deutsche Auslandsschulden and not paid to the United States in dollars, as required by the debt and moratorium agreement.

⁴ The unpaid portion of this indebtedness was converted at 40.33 cents to the reichsmark, which was the exchange rate at time of default. The 1930 agreement provided for a conversion formula relating to the time of payment. These figures are estimates made solely for this statistical report.

⁵ Payments converted to U.S. dollars at rate applicable at the time of payment, i.e., 40.33 or 23.82 cents to the reichsmark.

TABLE 105.—*Outstanding indebtedness of foreign countries on U.S. Government credits (exclusive of indebtedness arising from World War I) as of June 30, 1966, by area, country, and major program*¹

[In millions of dollars]

Area and country	Under Export-Import Bank Act	Under foreign assistance (and related) acts	Under Agricultural Trade Development and Assistance Act		Lend-lease, surplus property, and grant settlements ²	Other credits	Total	
			Loans of foreign currencies					Long-term dollar credits
			To foreign governments	To private enterprises				
Western Europe:								
Austria.....	21		25		(*)		46	
Belgium and Luxembourg.....	18	49			5		72	
Cyprus.....			(*)				(*)	
Denmark.....		30					30	
Finland.....	41		19	3	7		69	
France.....	5	4		2	392		403	
Germany, Federal Republic of.....								
Greece.....	2	14			201		217	
Iceland.....	19	84	51	3	7		185	
Ireland.....	1	18	11		(*)		32	
Ireland.....		110					110	
Italy.....	141	(*)		1	11		154	
Liechtenstein.....	(*)						(*)	
Netherlands.....		66					66	
Norway.....	1	24					25	
Portugal.....	70	26	3		16		114	
Spain.....	168	63	201		1		432	
Turkey.....	16	527	149	40			732	
United Kingdom.....	86	334			492	3,149	4,062	
Yugoslavia.....	58	158	249		(*)		702	
European Atomic Energy Community.....	29					32	61	
European Coal and Steel Community.....		69					69	
North Atlantic Treaty Organization (Maintenance Supply Services Agency).....		(*)					(*)	
Total Western Europe.....	676	1,576	708	49	277	1,116	7,583	
Other Europe:								
Czechoslovakia.....					5		5	
Hungary.....					6		6	
Poland.....	13	54			13		80	
Soviet Union.....					190		190	
Total other Europe.....	13	54			214		281	
Asia:								
Afghanistan.....	30	16					46	
Burma.....		27	14		(*)		41	
Ceylon.....		5	10				15	
China-Taiwan.....	28	158	33	3	116		362	
India.....	294	1,791	837	49	2		2,973	
Indonesia.....	81	44	13		33		172	
Iran.....	25	164	23	3	24		255	
Iraq.....	7				10		18	
Israel.....	51	200	195	11			457	
Japan.....	287		102		375		764	
Jordan.....	1	15					16	
Korea.....		62		(*)	21		84	
Lebanon.....	2	4					6	
Malaysia.....		14					14	
Nepal.....		(*)	2				2	
Pakistan.....	28	826	234	11			1,099	
Philippines.....	55	42	10	4	(*)		111	
Ryukyu Islands.....					8	10	17	
Saudi Arabia.....		2					2	
Syria.....		2	8		(*)		11	
Thailand.....	22	52	4				78	
Vietnam.....		82		(*)			83	
Total Asia.....	911	3,506	1,485	81	59	572	6,624	

Footnotes at end of table.

TABLE 105.—*Outstanding indebtedness of foreign countries on U.S. Government credits (exclusive of indebtedness arising from World War I) as of June 30, 1966, by area, country, and major program*¹—Continued

[In millions of dollars]

Area and country	Under Export-Import Bank Act	Under foreign assistance (and related) acts	Under Agricultural Trade Development and Assistance Act		Long-term dollar credits	Lend-lease, surplus property, and grant settlements ²	Other credits	Total
			Loans of foreign currencies					
			To foreign governments	To private enterprises				
Latin America:								
Argentina.....	264	76	2					341
Bolivia.....	34	36	10	(*)	4			85
Brazil.....	695	382	62			1		1,140
Chile.....	194	354	30	(*)	31			609
Colombia.....	48	219	11	2	6			286
Costa Rica.....	15	26						41
Cuba.....	36							36
Dominican Republic.....	10	38			13			61
Ecuador.....	10	50	6	1	6			73
El Salvador.....	4	31			(*)			35
Guatemala.....	6	16						22
Guyana.....		(*)						(*)
Haiti.....	30	5				(*)		34
Honduras.....	1	20						21
Jamaica.....		2						2
Mexico.....	220	45	11					276
Nicaragua.....	4	20						24
Panama.....	18	37						55
Paraguay.....	7	16	5	1	(*)			29
Peru.....	77	66	16	2	1			163
Surinam.....		1						1
Trinidad and Tobago.....	11							11
Uruguay.....	2	15	1	(*)				18
Venezuela.....	41	98						139
Central American Bank for Economic Integration.....		11						11
Unspecified Latin America.....						7		7
Total Latin America.....	1,726	1,566	153	6	61	8		3,520
Africa:								
Algeria.....					12			12
Cameroon.....		5						5
Congo (Brazzaville).....	(*)							(*)
Congo (Kinshasa).....		14	10					24
Ethiopia.....	9	27	(*)		4			39
Ghana.....	30	38						68
Guinea.....		3						3
Ivory Coast.....	2	2	(*)		4			8
Kenya.....		(*)			13			13
Liberia.....	68	21			1	19		109
Libya.....		6						6
Mali.....		(*)						(*)
Morocco.....	1	248	13		3			264
Niger.....		(*)						(*)
Nigeria.....	5	9						14
Senegal.....	(*)							(*)
Sierra Leone.....	10				1			11
Somali Republic.....		2						2
South Africa.....	9							9
Sudan.....		10	7	(*)				18
Tanzania.....		7						7
Tunisia.....	3	83	17	(*)				103
Uganda.....		3						3
United Arab Republic.....	24	78	352	(*)	14			469
Zambia.....	5							5
Unspecified Africa.....		7						
Total Africa.....	164	562	401	1	52	19		1,199

Footnotes at end of table.

TABLE 105.—*Outstanding indebtedness of foreign countries on U.S. Government credits (exclusive of indebtedness arising from World War I) as of June 30, 1966, by area, country, and major program*¹—Continued

[In millions of dollars]

Area and country	Under Export- Import Bank Act	Under foreign assistance (and related) acts	Under Agricultural Trade Development and Assistance Act			Lend- lease, surplus property, and grant settle- ments ²	Other credits	Total
			Loans of foreign currencies		Long- term dollar credits			
			To foreign govern- ments	To private enter- prises				
Oceania:								
Australia.....	1	28						29
New Zealand.....		(*)				(*)		1
Total Oceania.....	1	28				(*)		30
United Nations.....							102	102
Unspecified ³	105	-78						27
Total all areas.....	3,597	7,214	2,747	136	449	1,929	3,293	19,365

*Less than \$500,000.

¹ Includes estimates for the U.S. dollar equivalent of receivables denominated in other than dollars and/or payable at the option of the debtor in foreign currencies, goods, or services. The total amount of such estimates approximates \$5,100,000,000.

² Data on lend-lease, surplus property, and settlements for grants include \$574,000,000 for settlements for grants and \$1,500,000 for surplus property credits administered by Federal agencies other than the Treasury Department and not included in the "Status of accounts under lend-lease and surplus property agreements" in table 106. Data exclude about \$101,000,000 in defaulted short-term "cash" credits and deferred and otherwise past-due interest.

³ Some credits extended by the Defense Department under the Foreign Assistance Act have been sold to the Export-Import Bank. The amount of such credits is added in the entry "Unspecified" for operations under the Export-Import Bank Act and deducted in the entry under the Foreign Assistance Act.

SOURCE.—U.S. Department of Commerce, Office of Business Economics, from information made available by operating agencies.

TABLE 106.—*Status of accounts under lend-lease and surplus property agreements (World War II) as of June 30, 1966*

Country, etc.	Settlement obligation and interest billed (net) ¹	Credits			Total outstanding	Status of amounts outstanding	
		Collections		Other credits		Amounts past due ²	Due over a period of years by agreement
		U.S. dollars	Foreign currency (in U.S. dollar equivalent)				
Australia.....	\$43,696,716.83	\$34,170,930.90	\$8,662,268.75	\$863,517.18			
Austria.....	10,587,496.42	3,054,425.08	6,677,500.00	556,807.01	\$298,764.33		\$298,764.33
Belgium.....	116,413,959.78	38,174,118.29	11,751,267.53	61,340,822.18	5,147,751.78		5,147,751.78
Burma.....	6,702,055.56	747,039.92	5,560,577.14	142,077.32	252,361.18		252,361.18
Canada.....	388,765,007.77	388,765,007.77					
China.....	179,837,810.59	16,062,109.14	1,591,795.64	8,521,770.94	157,246,570.60 2-3,584,435.73	\$72,002,963.93	85,243,606.67 -3,584,435.73
Czechoslovakia.....	10,142,970.34	596,730.50	1,062,961.45	1,990,965.94	6,492,312.45		4,349,570.59	2,142,741.86
Denmark.....	5,240,272.66	4,266,935.24	931,000.00	42,337.42			
Ethiopia.....	4,558,958.36	3,899,523.26	23,620.60	635,814.50			
Finland.....	24,586,516.85	14,823,107.53	2,271,136.46	697,805.34	6,794,467.52		6,794,467.52
France.....	1,241,646,521.16	746,840,191.19	51,445,798.03	51,402,738.29	391,957,793.65		391,957,793.65
Germany, Federal Republic of.....	1,224,064,169.69	3,500,523.16	218,755,344.92		1,808,301.61		1,808,301.61
Greece.....	71,800,474.62	40,192,109.34	23,929,123.96	1,156,763.08	6,524,244.86 3-1,766.62		6,524,244.86 -1,766.62
Greenland.....	8,351.28	8,351.28					
Hungary.....	21,155,808.98		13,532,500.10	1,818,002.31	5,805,306.57	3,250,971.78	2,554,334.79
Iceland.....	4,855,981.42	4,496,553.29	250,198.40		109,229.73		109,229.73
India.....	198,199,260.30	184,777,327.13	6,943,404.63	287,954.38	6,190,574.16	6,190,574.16	
Indonesia.....	81,699,354.52	43,024,232.71	3,765,000.00	904,647.09	34,005,474.72	2,750,442.80	31,255,031.92
Iran.....	43,412,212.81	3,027,267.45	7,829,287.39		32,555,657.97	32,555,657.97	
Iraq.....	54.00	54.00					
Italy.....	266,745,710.45	161,304,501.33	90,669,772.70	3,541,571.44	11,229,864.98		11,229,864.98
Japan.....	13,728,409.82		12,971,483.00	756,926.82			
Korea.....	33,422,659.02		2,524,307.70	3,977,576.38	26,920,774.94	5,970,755.52	20,950,019.42
Liberia.....	19,440,619.66	892,937.27			18,547,682.39		18,547,682.39
Lebanon.....	1,656,638.01		521,818.51	1,134,819.50			
Luxembourg.....	120.00	120.00					
Middle East.....	50,377,089.88	11,142,266.72	39,234,823.16				
Netherlands.....	176,795,845.11	103,219,746.41	45,192,636.41	28,383,412.29			
New Zealand.....	4,935,288.23	2,176,363.59	1,813,007.28	644,920.86	300,996.50		300,996.50
Norway.....	21,277,848.08	11,262,135.23	8,435,074.95	1,580,637.90			
Pakistan.....	40,308,976.14	40,308,976.14					
Philippines.....	5,000,000.00		2,005,855.29	2,988,158.91	5,985.80		5,985.80
Poland.....	49,864,976.18	26,381,883.55	10,385,744.17		13,097,348.46		13,097,348.46
Saudi Arabia.....	21,427,119.60	21,427,119.60					
Southern Rhodesia.....	1,415,510.78	1,371,931.69			43,579.09	43,579.09	

Sweden.....	2,115,455.91	240,689.98	1,824,653.33	50,112.60	-----	-----	-----
Thailand.....	7,064,989.28	2,235,736.09	4,178,321.72	650,931.47	-----	-----	-----
Turkey.....	14,474,333.51	11,082,482.30	2,110,714.28	1,281,136.93	-----	-----	-----
Union of South Africa.....	117,774,297.35	116,608,622.69	242,487.98	923,186.68	-----	-----	-----
United Kingdom.....	1,103,316,539.23	375,236,764.71	39,026,679.74	154,635,335.62	534,417,759.16	-----	⁶ 534,417,759.16
U.S.S.R.....	331,046,147.54	140,841,833.25	-----	-----	190,204,314.29	61,157,461.36	129,046,852.93
Yugoslavia.....	713,167.09	63,376.50	16,300.00	623,065.20	10,425.39	-----	10,425.39
American Republics.....	136,685,117.19	114,365,404.88	11,921,129.75	3,154,183.21	7,244,399.35	494,399.35	⁷ 6,750,000.00
American Red Cross.....	2,023,386.90	2,023,386.90	-----	-----	-----	-----	-----
Federal agencies.....	243,114,726.52	243,092,796.09	21,930.43	-----	-----	-----	-----
Military withdrawals.....	187,629.76	649.00	186,980.76	-----	-----	-----	-----
Miscellaneous items.....	1,472,077.38	1,136,573.15	335,504.23	-----	-----	-----	-----
United Nations Relief and Rehabilitation Administration.....	7,226,762.25	7,226,762.25	-----	-----	-----	-----	-----
Total.....	5,350,985,394.81	2,924,069,569.50	638,602,060.39	334,687,998.79	⁸ 1,453,625,739.13	188,766,376.55	1,264,859,362.58

NOTE.—No settlement agreement for lend-lease has been reached with China, Greece, or U.S.S.R.

¹ Excludes accrued interest due July 1, 1966, except for Austria which paid amounts due on July 1 in June.

² Principal and interest considered past due as of June 30, 1966, and items subject to negotiation.

³ Credit. Represents amounts collected under advance payment agreements not applied to outstanding indebtedness.

⁴ Reduced due to settlement of a third party claim.

⁵ Agreement provides for repayment of 37,099,999.99 rupees.

⁶ Includes \$66,203,924.76 principal and interest postponed pursuant to agreement.

⁷ Represents amount which is postponed by agreement pending settlement of certain claims.

⁸ Includes \$442,539,380.75 due under surplus property agreements, \$708,150,338.71 due under lend-lease settlement agreements, and \$306,522,222.02 due under other lend-lease agreements.

Corporations and Other Business-Type Activities of the United States Government

TABLE 107.—Comparative statement of securities of Government corporations and other business-type activities held by the Treasury,
June 30, 1956–66

[Face amount, in millions of dollars. On basis of daily Treasury statements, see "Bases of Tables"]

Agency	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
Agency for International Development.....	1,213	1,198	1,188	1,164	1,138	1,107	1,062	807	735	712	689
Commodity Credit Corporation.....	11,190	13,383	11,528	12,874	12,704	11,534	12,990	13,604	13,990	13,111	11,768
Export-Import Bank of Washington.....	1,239	1,205	1,528	1,937	1,636	1,698	1,830	1,476	830	513	173
Federal Housing Administration, general insurance fund.....											10
Federal National Mortgage Association:											
Management and liquidating functions.....	1,860	1,716	1,348	1,140	719	1,441	1,323	1,172	993	881	766
Secondary market operations.....	94	3		42					4		
Special assistance functions.....	(*)	22	154	1,170	1,619	1,762	1,843	1,544	1,395	1,018	699
Public Housing programs ¹	38	41	35	27	29	32	32	25			
Rural Electrification Administration.....	2,343	2,519	2,728	2,923	3,155	3,332	3,484	3,657	3,828	4,075	4,234
Saint Lawrence Seaway Development Corporation.....	16	48	97	112	118	121	121	123	123	124	125
Secretary of Agriculture, Farmers Home Administration:											
Rural housing direct loan account ²	5	41	31	77	104	154	232	391	492	551	663
Direct loan account.....	146	212	223	216	229	272	598	598	598	598	598
Agricultural credit insurance fund.....	(*)	8	2	29	35	29	23	38	81	86	175
Secretary of Commerce, Maritime Administration:											
Federal ship mortgage insurance fund.....				1	1	1		6	10	5	7
Secretary of Housing and Urban Development: ³											
College housing loans.....	116	228	389	594	779	988	1,227	1,532	1,746	1,983	2,305
Public facility loans.....	1	1	14	38	48	60	80	113	161	195	254
Urban renewal fund.....	48	53	73	98	150	165	260	360	410	575	575
Secretary of the Interior:											
Bureau of Commercial Fisheries, Federal ship mortgage insurance fund, fishing vessels.....											(*)
Bureau of Mines, helium fund ⁴									2	22	41
Secretary of the Treasury (Federal Civil Defense Act of 1950).....	2	1	1	1	1	(*)	(*)	(*)	(*)	(*)	
Small Business Administration.....	9	7									
Tennessee Valley Authority.....								50	85	95	100
U.S. Information Agency.....		13	17	20	19	20	20	21	21	22	22
Veterans' Administration (veterans' direct loan program).....	584	733	780	930	1,180	1,330	1,530	1,730	1,730	1,730	1,730
Virgin Islands Corporation.....					(*)	1	1	1	1	1	1

Defense Production Act of 1950, as amended:

Export-Import Bank of Washington.....	29	35	30	25	20	10					
General Services Administration.....	869	1,019	1,439	1,684	1,715	1,765	1,790	1,804	1,921	1,945	1,912
Secretary of Agriculture.....	47	47	59	59	64	65	65	66	66	78	79
Secretary of the Interior, Defense Minerals Exploration Administration.....	22	26	30	32	32	32	31	32	32	33	33
Secretary of the Treasury.....	177	168	167	151	140	93	91	21			
D.C. Commissioners: Stadium sinking fund, Armory Board, D.C.....							(*)	1	1	1	1
Total.....	20,049	22,727	21,859	25,343	25,636	26,011	28,634	29,172	29,256	28,354	26,964

* Less than \$500,000.

¹ Name changed from Public Housing Administration by an act approved Sept. 9, 1965 (5 U.S.C. 624 *et seq.*).² Liabilities relating to securities of the rural housing loan program were transferred to this fund which was established by an act approved Aug. 10, 1965 (42 U.S.C. 1488).³ Funds formerly shown under the Housing and Home Finance Administrator were transferred to the Secretary of Housing and Urban Development by an act approved Sept. 9, 1965 (5 U.S.C. 624c).⁴ Name changed from Bureau of Mines, development and operation of helium properties by an act approved July 7, 1964 (78 Stat. 281).

TABLE 108.—*Capital stock, notes, bonds, and other securities of Government agencies held by the Treasury or other Government agencies, June 30, 1965 and 1966, and changes during 1966*

Class and issuing agent	Date of authorizing act	Amount owned June 30, 1965	Advances ¹	Repayments and other reductions ¹	Amount owned June 30, 1966
Capital stock of Government corporations:					
Held by the Secretary of the Treasury:					
Export-Import Bank of Washington.....	June 16, 1933, as amended.....	\$1,000,000,000.00	-----	-----	\$1,000,000,000.00
Federal Crop Insurance Corporation.....	Feb. 16, 1938, as amended.....	40,000,000.00	-----	-----	40,000,000.00
Federal National Mortgage Association, secondary market operations.....	Aug. 2, 1954, as amended.....	50,000,000.00	\$91,820,304.97	-----	141,820,304.97
Public Housing programs ²	Sept. 1, 1937, as amended.....	1,000,000.00	-----	-----	1,000,000.00
Held by the Secretary of Agriculture, Commodity Credit Corp.....	June 16, 1933, as amended.....	100,000,000.00	-----	-----	100,000,000.00
Held by the Governor of Farm Credit Administration:					
Banks for cooperatives.....	do.....	60,624,100.00	-----	\$10,051,000.00	50,573,100.00
Federal intermediate credit banks.....	July 26, 1956.....	123,489,120.00	2,300,000.00	-----	125,789,120.00
Total capital stock.....	-----	1,375,113,220.00	94,120,304.97	10,051,000.00	1,459,182,524.97
Bonds and notes of Government corporations and other agencies held by the Treasury: ⁴					
Agency for International Development.....	Apr. 3, 1948, as amended, and June 15, 1951.....	712,189,083.56	-----	22,880,110.75	689,308,972.81
Commodity Credit Corporation.....	Mar. 8, 1938, as amended.....	13,111,000,000.00	4,164,393,750.34	5,507,506,486.70	11,767,887,263.64
Export-Import Bank of Washington.....	July 31, 1945, as amended.....	513,100,000.00	1,127,500,000.00	1,462,800,000.00	177,800,000.00
Federal Housing Administration, general insurance fund.....	Aug. 10, 1965.....	-----	10,000,000.00	-----	10,000,000.00
Federal National Mortgage Association:					
Management and liquidating functions.....	Aug. 2, 1954, as amended.....	881,160,000.00	192,100,000.00	306,890,000.00	766,370,000.00
Secondary market operations.....	do.....	-----	1,698,110,000.00	1,698,110,000.00	-----
Special assistance functions.....	do.....	1,017,932,000.00	227,180,000.00	545,652,000.00	699,460,000.00
Public Housing programs ²	Sept. 1, 1937, as amended.....	-----	10,000,000.00	10,000,000.00	-----
Rural Electrification Administration.....	May 20, 1936, as amended.....	4,075,000,735.12	325,000,000.00	166,227,575.34	4,233,773,159.78
Saint Lawrence Seaway Development Corporation.....	May 13, 1954, as amended.....	123,676,050.53	1,100,000.00	-----	124,776,050.53
Secretary of Agriculture, Farmers Home Administration:					
Rural housing direct loan account ⁴	Aug. 7, 1956, as amended.....	550,717,972.54	112,710,000.00	-----	663,427,972.54
Direct loan account.....	July 8, 1959, June 29, 1960, and June 30, 1961.....	597,959,607.34	-----	-----	597,959,607.34
Agricultural credit insurance fund.....	Aug. 14, 1946, as amended.....	86,490,000.00	297,375,000.00	209,155,000.00	174,710,000.00
Secretary of Commerce, Maritime Administration:					
Federal ship mortgage insurance fund.....	July 15, 1958, as amended.....	5,305,000.00	5,800,000.00	4,355,000.00	6,750,000.00
Secretary of Housing and Urban Development: ³					
College housing loans.....	Apr. 20, 1950, as amended.....	1,982,768,000.00	350,413,000.00	28,600,000.00	2,304,581,000.00
Public facility loans.....	Aug. 11, 1955.....	194,568,400.00	63,000,000.00	4,000,000.00	253,568,400.00
Urban renewal fund.....	July 15, 1949, as amended.....	575,240,000.00	245,000,000.00	245,005,000.00	575,235,000.00
Secretary of the Interior:					
Bureau of Commercial Fisheries, Federal ship mortgage insurance fund, fishing vessels.....	July 5, 1960.....	-----	400,000.00	50,000.00	350,000.00
Bureau of Mines, helium fund ⁴	Sept. 13, 1960, as amended.....	22,000,000.00	19,000,000.00	-----	41,000,000.00

Secretary of the Treasury (Federal Civil Defense Act of 1950, as amended).	Jan. 12, 1951, as amended	33,909.22		33,909.22	
Tennessee Valley Authority.	Aug. 6, 1959.	95,000,000.00	5,000,000.00		100,000,000.00
U.S. Information Agency, informational media guaranties fund.	Apr. 3, 1948, as amended, and July 18, 1956.	22,056,140.67			22,056,140.67
Veterans' Administration (veterans' direct loan program)	Apr. 20, 1950, as amended	1,730,077,996.00			1,730,077,996.00
Virgin Islands Corporation	Sept. 2, 1958, as amended	1,225,000.00			1,225,000.00
Defense Production Act of 1950, as amended:					
General Services Administration	Sept. 8, 1950, as amended	1,944,700,000.00	7,000,000.00	40,000,000.00	1,911,700,000.00
Secretary of Agriculture	do	78,452,569.64	163,229.17		78,605,798.81
Secretary of the Interior (Defense Minerals Exploration Administration).	do	32,935,000.00			32,935,000.00
D.C. Commissioners:					
Stadium sinking fund, Armory Board, D.C.	Sept. 7, 1957, as amended	831,600.00	756,600.00	831,600.00	756,600.00
Total bonds and notes		28,354,419,064.62	8,861,991,579.51	10,252,096,682.01	26,964,313,962.12
Securities of Government agencies held by Government corporations and other agencies:					
Guaranteed securities:					
Federal Housing Administration debentures held by:					
Housing and Urban Development Department: ³					
Office of the Secretary, liquidating programs.	June 24, 1954		2,592,650.00		2,592,650.00
Federal Housing Administration:					
Community disposal operations fund	July 25, 1956		387,700.00		387,700.00
Mutual mortgage insurance fund	June 27, 1934, as amended	125,661,450.00	31,893,500.00	68,257,100.00	89,197,850.00
Federal National Mortgage Association:					
Management and liquidating functions.	Aug. 2, 1954, as amended	1,852,250.00	4,777,950.00	6,626,350.00	3,850.00
Secondary market operations	do	5,992,650.00	33,181,100.00	39,172,500.00	1,250.00
Special assistance functions	do	5,967,000.00	15,279,900.00	19,611,000.00	1,635,900.00
Total guaranteed securities		139,373,350.00	88,112,800.00	133,666,950.00	93,819,200.00
Nonguaranteed securities:					
Banks for cooperatives debentures held by:					
Housing and Urban Development Department: ³					
Federal National Mortgage Association:					
Participation sales fund ⁷	Sept. 2, 1964	3,860,000.00	48,535,000.00	24,500,000.00	27,895,000.00
Consolidated Federal farm loan bonds held by:					
Housing and Urban Development Department: ³					
Federal National Mortgage Association:					
Participation sales fund ⁷	Sept. 2, 1964		10,250,000.00	5,500,000.00	4,750,000.00
Veterans' Administration:					
U.S. Government life insurance fund	June 7, 1924, as amended	25,000,000.00		25,000,000.00	
Federal home loan bank bonds and notes held by:					
Housing and Urban Development Department: ³					
Federal National Mortgage Association:					
Participation sales fund ⁷	Sept. 2, 1964		49,420,000.00	22,175,000.00	27,245,000.00
Secondary market operations	Aug. 2, 1954, as amended		6,000,000.00	6,000,000.00	
Footnotes at end of table.					

TABLE 108.—*Capital stock, notes, bonds, and other securities of Government agencies held by the Treasury or other Government agencies, June 30, 1965 and 1966, and changes during 1966—Continued*

Class and issuing agent	Date of authorizing act	Amount owned June 30, 1965	Advances ¹	Repayments and other reductions ²	Amount owned June 30, 1966
Securities of Government agencies held by Government corporations and other agencies—Continued					
Nonguaranteed securities—Continued					
Federal intermediate credit bank debentures held by: Housing and Urban Development Department: ³					
Federal National Mortgage Association:					
Participation sales fund ⁴	Sept. 2, 1964.....	\$15,255,000.00	\$64,310,000.00	\$33,950,000.00	\$45,615,000.00
Total nonguaranteed securities.....	-----	44,115,000.00	178,515,000.00	117,125,000.00	105,505,000.00

¹ Excludes refundings.² Represents repurchase of the Association's preferred capital stock by the Secretary of the Treasury.³ Functions and funds of the Public Housing Administration and Housing and Home Finance Agency were transferred to the Housing and Urban Development Department pursuant to an act approved Sept. 9, 1965 (5 U.S.C. 264 et seq.).⁴ See also table 110.⁵ Borrowing authority and liabilities relating to securities of the rural housing loan

program were transferred to this fund which was established by an act approved Aug. 10, 1965 (42 U.S.C. 1488).

⁶ Name changed from Bureau of Mines, development and operation of helium properties by an act approved July 7, 1964 (78 Stat. 281).⁷ Formerly known as the Government mortgage liquidation fund.

NOTE.—See table 112 for data on other securities held by agencies representing loans made.

TABLE 109.—*Borrowing authority and outstanding issues of Government corporations and other business-type activities whose securities are issued to the Secretary of the Treasury, June 30, 1966*

[In millions of dollars. On basis of daily Treasury statements]

Corporation or activity ¹	Borrowing authority	Outstanding securities held by Treasury	Unused borrowing authority
Agency for International Development:			
Mutual defense program—economic assistance.....	643	643	-----
Foreign investment guaranty fund.....	199	-----	199
India emergency food aid.....	23	23	-----
Loan to Spain.....	23	23	-----
Commodity Credit Corporation.....	14,500	11,768	2,732
Export-Import Bank of Washington.....	6,000	178	5,822
Federal Deposit Insurance Corporation.....	3,000	-----	3,000
Federal home loan banks.....	1,000	-----	1,000
Federal Housing Administration, general insurance fund.....	² 10	10	-----
Federal National Mortgage Association:			
Management and liquidating functions.....	772	766	5
Secondary market operations.....	2,250	-----	³ 2,250
Special assistance functions.....	3,316	699	2,617
Federal Savings and Loan Insurance Corporation.....	750	-----	750
Panama Canal Company.....	10	-----	10
Public Housing programs ⁴	1,500	-----	1,500
Rural Electrification Administration.....	5,424	4,234	1,191
Saint Lawrence Seaway Development Corporation.....	140	125	15
Secretary of Agriculture, Farmers Home Administration:			
Rural housing direct loan account ⁵	663	663	-----
Direct loan account.....	598	598	-----
Agricultural credit insurance fund.....	⁶ 214	175	39
Secretary of Commerce:			
Maritime Administration, Federal ship mortgage insurance fund.....	77	7	-----
Secretary of Housing and Urban Development: ⁷			
College housing loans.....	3,175	2,305	870
Flood insurance.....	500	-----	500
Public facility loans.....	600	254	346
Urban mass transportation fund.....	50	-----	50
Urban renewal fund.....	1,000	575	425
Secretary of the Interior:			
Bureau of Commercial Fisheries, Federal ship mortgage insurance fund, fishing vessels.....	⁷ (*)	(*)	-----
Bureau of Mines, helium fund.....	52	41	11
Smithsonian Institution:			
John F. Kennedy Center parking facilities.....	15	-----	15
Tennessee Valley Authority.....	⁸ 150	100	50
U.S. Information Agency, informational media guaranties fund.....	28	22	6
Veterans' Administration (veterans' direct loan program).....	1,935	1,730	205
Virgin Islands Corporation.....	1	1	(*)
Defense Production Act of 1950, as amended:			
General Services Administration.....	1,959	1,912	47
Secretary of Agriculture.....	89	79	11
Secretary of the Interior, Defense Minerals Exploration Admin.....	36	33	3
Unallocated.....	16	-----	16
District of Columbia Commissioners, stadium sinking fund, Armory Board, District of Columbia.....	⁹ 1	1	-----
Total.....	50,650	26,964	23,686

*Less than \$500,000.

¹ Excludes authorizations to borrow from the public; also excludes authorizations to expend from public debt receipts for subscriptions to capital stock of the following agencies: International Bank for Reconstruction and Development, \$6,850 million; International Monetary Fund, \$2,325 million; International Finance Corporation, \$35 million; and certain Government corporations, \$1,207 million. In addition, the authorized credit to the United Kingdom, of which \$3,149 million is outstanding has been excluded.

² Funds may be borrowed as needed pursuant to an act approved Aug. 10, 1965 (12 U.S.C. 1735d).

³ The balance shown represents unused portion of authorization to expend from public debt receipts available for loans to the secondary market operations fund without further action by Congress. Because of the borrowing and capital structure of the fund, the maximum it could borrow from the Treasury without adjusting its other borrowing or its capital structure as of June 30, 1966, would be as follows: Borrowing authorized (10 times capital plus surplus), \$4,016 million; less securities outstanding, \$3,269 million; unused balance of borrowing authorized, \$747 million.

⁴ Functions and funds of the Public Housing Administration and Housing and Home Finance Agency were transferred to the Housing and Urban Development Department pursuant to an act approved Sept. 9, 1965 (5 U.S.C. 264 et seq.).

⁵ Borrowing authority and liabilities relating to securities of the rural housing loan program were transferred to this fund which was established by an act approved Aug. 10, 1965 (42 U.S.C. 1488).

⁶ Represents amount due Treasury and net amount obligated less unexpended fund balance. Authority to borrow from the Treasury is indefinite in amount. Funds may be borrowed as needed to carry out provisions of an act approved Aug. 8, 1961 (7 U.S.C. 1929(c)).

⁷ Authority to borrow from the Treasury is indefinite in amount. Funds may be borrowed as needed to purchase insured defaulted mortgages as provided by acts of Congress.

⁸ Represents amount of interim securities outstanding which may be issued to the Secretary of the Treasury under specified conditions as provided by an act approved Aug. 6, 1959 (16 U.S.C. 831n-4(c)).

⁹ Funds may be borrowed from the Secretary of the Treasury under certain conditions as provided by an act approved July 28, 1958 (2 D.C. Code 1727).

TABLE 110.—Description of securities of Government corporations and other business-type activities held by the Treasury, June 30, 1966

[On basis of daily Treasury statements, see "Bases of Tables"]

Title and authorizing act	Date of issue	Date payable ¹	Rate of interest	Principal amount
Agency for International Development: Act of Apr. 3, 1948, as amended: Note of Administrator (ECA)..... Notes of Administrator (ECA)..... Act of June 15, 1951: Notes of Director (MSA).....	May 26, 1951..... Various dates..... Feb. 6, 1952.....	June 30, 1977..... June 30, 1984..... Dec. 31, 1986.....	Percent 1½% 1½% 2	\$23,426,701.73 642,886,758.49 22,995,512.59
Total.....				689,308,972.81
Commodity Credit Corporation, act of Mar. 8, 1938, as amended: Note, Series Eighteen-1966..... Notes, Series Eighteen-1966..... Notes, Series Eighteen-1966..... Notes, Series Eighteen-1966..... Notes, Series Eighteen-1966.....	July 1, 1965..... Various dates..... do..... do..... do.....	July 31, 1966..... do..... do..... do..... do.....	None 4 4½ 4½ 4½	4,612,887,263.64 6,237,000,000.00 236,000,000.00 393,000,000.00 289,000,000.00
Total.....				11,767,887,263.64
Export-Import Bank of Washington, act of July 31, 1945, as amended: Note, Series 1977..... Notes, Series 1972 and 1973.....	June 30, 1959..... Various dates.....	June 30, 1977..... Various dates.....	2½% 3	18,400,000.00 159,400,000.00
Total.....				177,800,000.00
Federal Housing Administration: General insurance fund, act of Aug. 10, 1965: Note.....	Jan. 25, 1966.....	Jan. 24, 1981.....	4½%	10,000,000.00
Federal National Mortgage Association, act of Aug. 2, 1954, as amended: Management and liquidating functions: Notes, Series C..... Notes, Series C..... Note, Series C..... Notes, Series C..... Notes, Series C.....	Various dates..... July 1, 1962..... July 1, 1965..... Various dates..... do.....	July 1, 1967..... do..... July 1, 1970..... do..... do.....	3½% 3½% 4½% 4½% 4½%	28,020,000.00 270,180,000.00 386,870,000.00 33,020,000.00 48,280,000.00
Subtotal.....				766,370,000.00
Special assistance functions: Notes, Series D, subseries BMR..... Notes, Series D..... Notes, Series D..... Note, Series D..... Note, Series D, subseries BMR..... Note, Series D, subseries BMR..... Note, Series D.....	Various dates..... do..... do..... July 1, 1963..... Sept. 23, 1964..... Dec. 16, 1965..... June 1, 1966.....	Various dates..... July 1, 1967..... Various dates..... July 1, 1968..... July 1, 1969..... July 1, 1970..... do.....	3½% 3½% 3½% 3½% 3½% 3½% 4½%	177,350,000.00 35,820,000.00 202,900,000.00 252,530,000.00 26,060,000.00 3,130,000.00 1,670,000.00
Subtotal.....				699,460,000.00
Total Federal National Mortgage Association.....				1,465,830,000.00
Rural Electrification Administration, act of May 20, 1936, as amended: Notes of Administrator.....	Various dates.....	Various dates.....	2	4,233,773,159.78
St. Lawrence Seaway Development Corp., act of May 13, 1954, as amend- ed: Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds..... Revenue bonds.....	do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do.....	Dec. 31, 1966..... Various dates..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do..... do.....	2¾% 2¾% 3 3½% 3½% 3½% 3½% 3½% 3½% 3½% 3½% 3½% 4½% 4½% 4½%	900,000.00 5,100,000.00 7,800,000.00 8,200,000.00 24,600,000.00 15,900,000.00 9,900,000.00 31,100,000.00 4,600,000.00 2,500,000.00 6,600,000.00 5,275,050.53 700,000.00 1,300,000.00

Footnotes at end of table.

TABLE 110.—*Description of securities of Government corporations and other business-type activities held by the Treasury, June 30, 1966—Continued*

Title and authorizing act	Date of issue	Date payable ¹	Rate of interest	Principal amount
St. Lawrence Seaway Development Corp., act of May 13, 1954, as amended—Con.				
Revenue bonds.....	Various dates.....	Dec. 31, 2006.....	Percent	
Revenue bonds.....	Apr. 13, 1966.....	do.....	4½	\$200,000.00
			4½	100,000.00
Total.....				124,776,050.53
Secretary of Agriculture, Farmers Home Administration:				
Rural housing direct loan account, act of July 15, 1949, as amended:				
Notes.....	Aug. 12, 1965.....	July 1, 1966.....	3.222	107,710,000.00
Notes.....	June 15, 1961.....	June 30, 1963.....	3½	15,000,000.00
Notes.....	Various dates.....	Various dates.....	3½	120,717,972.54
Notes.....	do.....	do.....	4	220,000,000.00
Notes.....	do.....	do.....	4½	135,000,000.00
Notes.....	do.....	do.....	4½	65,000,000.00
Subtotal.....				663,427,972.54
Direct loan account, acts of July 8, 1959, June 29, 1960, and June 30, 1961:				
Note.....	June 30, 1964.....	June 30, 1969.....	4	4,963,355.49
Note.....	June 30, 1965.....	June 30, 1970.....	4½	266,996,251.85
Note.....	June 30, 1966.....	June 30, 1971.....	4½	326,000,000.00
Subtotal.....				597,959,607.34
Agricultural credit insurance fund, act of Aug. 14, 1946, as amended:				
Notes.....	Various dates.....	June 30, 1967.....	3½	27,135,000.00
Notes.....	June 30, 1963.....	June 30, 1968.....	3½	2,060,000.00
Notes.....	Various dates.....	do.....	3½	775,000.00
Notes.....	do.....	do.....	3½	17,075,000.00
Notes.....	do.....	June 30, 1969.....	4	20,375,000.00
Notes.....	do.....	June 30, 1970.....	4½	41,530,000.00
Notes.....	do.....	do.....	4½	16,860,000.00
Notes.....	do.....	do.....	4½	46,010,000.00
Notes.....	do.....	do.....	4½	2,890,000.00
Subtotal.....				174,710,000.00
Total Secretary of Agriculture.....				1,436,097,579.88
Secretary of Commerce, Maritime Administration:				
Federal ship mortgage insurance fund, act of July 15, 1958:				
Note.....	Mar. 18, 1963.....	Mar. 18, 1968.....	3½	2,875,000.00
Note.....	Jan. 31, 1966.....	Jan. 1, 1971.....	4½	3,875,000.00
Total.....				6,750,000.00
Secretary of Housing and Urban Development:				
College housing loans, act of Apr. 20, 1950, as amended:				
Note, Series CH.....	Jan. 22, 1963.....	July 1, 1976.....	2½	292,875,000.00
Note, Series CH.....	do.....	July 1, 1977.....	2½	198,143,000.00
Note, Series CH.....	do.....	July 1, 1978.....	2½	276,971,000.00
Note, Series CH.....	do.....	July 1, 1980.....	2½	253,026,000.00
Note, Series CH.....	do.....	July 1, 1981.....	3½	293,010,000.00
Note, Series CH.....	June 30, 1963.....	July 1, 1983.....	3½	572,143,000.00
Note, Series CH.....	June 30, 1964.....	July 1, 1984.....	3½	253,413,000.00
Note, Series CH.....	Jan. 28, 1965.....	do.....	3½	105,000,000.00
Notes, Series CH.....	Jan. 14, 1966.....	Dec. 31, 1966.....	2¾	60,000,000.00
Subtotal.....				2,304,581,000.00
Public facility loans, act of Aug. 11, 1955:				
Note, Series PF.....	Nov. 30, 1961.....	July 31, 1973.....	3½	44,210,400.00
Note, Series PF.....	Sept. 18, 1964.....	July 1, 1976.....	3½	72,500,000.00
Note, Series PF.....	June 30, 1963.....	July 1, 1977.....	3½	55,858,000.00
Note, Series PF.....	June 30, 1964.....	June 30, 1978.....	3½	55,000,000.00
Note, Series PF.....	Dec. 3, 1964.....	July 1, 1979.....	3½	25,000,000.00

Footnotes at end of table.

TABLE 110.—Description of securities of Government corporations and other business-type activities held by the Treasury, June 30, 1966—Continued

Title and authorizing act	Date of issue	Date payable ¹	Rate of interest	Principal amount
Secretary of Housing and Urban Development—Continued				
Public facility loans, act of Aug. 11, 1955—Continued				
Note, Series PF.....	Feb. 21, 1966.....	July 1, 1980.....	Percent 3½	\$1,000,000.00
Subtotal.....				253,568,400.00
Urban renewal fund, act of July 15, 1949, as amended:				
Note.....	June 30, 1961.....	Dec. 31, 1966.....	3½	20,000,000.00
Notes.....	Various dates.....	Various dates.....	3½	40,000,000.00
Notes.....	Dec. 31, 1961.....	June 30, 1967.....	3½	20,000,000.00
Note.....	Dec. 31, 1962.....	June 30, 1968.....	3½	40,000,000.00
Note.....	Dec. 31, 1963.....	Dec. 31, 1968.....	3	50,000,000.00
Notes.....	Various dates.....	Various dates.....	4	220,000,000.00
Notes.....	June 30, 1965.....	Dec. 31, 1970.....	4½	120,000,000.00
Notes.....	Dec. 31, 1965.....	June 30, 1971.....	4½	60,000,000.00
Note.....	June 30, 1966.....	Dec. 31, 1971.....	4½	5,000,000.00
Definitive note.....	May 25, 1964.....	May 1, 1998.....	5	235,000.00
Subtotal.....				575,235,000.00
Total Secretary of Housing and Urban Development.....				3,133,384,400.00
Secretary of the Interior:				
Bureau of Commercial Fisheries:				
Federal ship mortgage insurance fund, fishing vessels, act of July 5, 1960:				
Note.....	Jan. 28, 1966.....	Jan. 27, 1968.....	4½	350,000.00
Bureau of Mines:				
Helium fund, act of Sept. 13, 1960:				
Notes.....	Various dates.....	Sept. 13, 1985.....	4½	20,500,000.00
Notes.....	do.....	do.....	4½	9,000,000.00
Notes.....	do.....	do.....	4½	2,000,000.00
Notes.....	do.....	do.....	4½	3,500,000.00
Notes.....	do.....	do.....	4½	6,000,000.00
Subtotal.....				41,000,000.00
Total Secretary of the Interior.....				41,350,000.00
Tennessee Valley Authority, act of Aug. 6, 1959:				
Advances.....	Various dates.....	Various dates.....	4¾	100,000,000.00
U.S. Information Agency:				
Informational media guaranties fund, act of Apr. 3, 1948, as amended:				
Note of Administrator (ECA).....	Oct. 27, 1948.....	June 30, 1986.....	1½	1,410,000.00
Note of Administrator (ECA).....	do.....	do.....	2	1,305,000.00
Note of Administrator (ECA).....	do.....	do.....	2½	2,272,610.67
Note of Administrator (ECA).....	Jan. 24, 1949.....	do.....	2½	775,000.00
Note of Administrator (ECA).....	do.....	do.....	2½	75,000.00
Note of Administrator (ECA).....	do.....	do.....	2½	302,389.33
Note of Administrator (ECA).....	do.....	do.....	2½	1,865,000.00
Note of Administrator (ECA).....	do.....	do.....	3	1,100,000.00
Note of Administrator (ECA).....	do.....	do.....	3½	510,000.00
Note of Administrator (ECA).....	do.....	do.....	3½	3,431,548.00
Note of Administrator (ECA).....	do.....	do.....	3½	495,000.00
Note of Administrator (ECA).....	do.....	do.....	3½	220,000.00
Note of Administrator (ECA).....	do.....	do.....	3½	2,625,960.00
Notes of Administrator (ECA).....	Various dates.....	Various dates.....	3½	3,451,000.00
Notes of Administrator (ECA).....	do.....	do.....	4	1,234,332.67
Notes of Administrator (ECA).....	Aug. 12, 1959.....	June 30, 1989.....	4½	983,300.00
Total.....				22,056,140.67
Veterans' Administration (veterans' direct loan program), act of Apr. 20, 1950, as amended:				
Agreements.....	Various dates.....	Indefinite.....	2½	88,342,741.00
Agreements.....	do.....	do.....	2½	53,032,393.00
Agreements.....	do.....	do.....	2½	102,845,334.00
Agreements.....	do.....	do.....	3	118,763,868.00
Agreement.....	Dec. 31, 1956.....	do.....	3½	49,736,333.00

Footnotes at end of table.

TABLE 110.—*Description of securities of Government corporations and other business-type activities held by the Treasury, June 30, 1966—Continued*

Title and authorizing act	Date of issue	Date payable ¹	Rate of interest	Principal amount
Veterans' Administration (veterans' direct loan program), act of Apr. 20, 1950, as amended—Continued			<i>Percent</i>	
Agreements.....	Mar. 29, 1957.....	Indefinite.....	3½	\$49,768,442.00
Agreement.....	June 28, 1957.....	do.....	3½	49,838,707.00
Agreement.....	Apr. 7, 1958.....	do.....	3½	49,571,200.00
Agreement.....	Oct. 8, 1958.....	do.....	3½	48,855,090.00
Agreements.....	Various dates.....	do.....	3½	366,979,333.00
Agreements.....	do.....	do.....	3½	392,344,555.00
Agreements.....	do.....	do.....	4	110,000,000.00
Agreements.....	do.....	do.....	4½	109,387,321.00
Agreements.....	do.....	do.....	4½	99,909,137.93
Agreement.....	Feb. 5, 1960.....	do.....	4½	20,000,000.00
Agreement.....	Apr. 1, 1960.....	do.....	4½	20,703,541.07
Total.....				1,730,077,996.00
Virgin Islands Corporation, act of Sept. 2, 1958, as amended:				
Notes.....	Various dates.....	Various dates.....	3½	450,000.00
Notes.....	do.....	do.....	3½	110,000.00
Notes.....	do.....	do.....	4	631,100.00
Note.....	Sept. 30, 1959.....	Sept. 30, 1979.....	4½	10,000.00
Note.....	Oct. 15, 1959.....	Oct. 15, 1979.....	4½	500.00
Note.....	Feb. 24, 1960.....	Feb. 24, 1980.....	4½	23,400.00
Total.....				1,225,000.00
Defense Production Act of 1950, as amended:				
General Services Administration:				
Notes of Administrator, Series D.....	Various dates.....	Various dates.....	3½	145,000,000.00
Notes of Administrator, Series D.....	do.....	do.....	3½	304,000,000.00
Notes of Administrator, Series D.....	do.....	do.....	3½	155,000,000.00
Notes of Administrator, Series D.....	do.....	do.....	3½	165,000,000.00
Notes of Administrator, Series D.....	do.....	do.....	4	810,700,000.00
Notes of Administrator, Series D.....	do.....	do.....	4½	332,000,000.00
Subtotal.....				1,911,700,000.00
Secretary of Agriculture:				
Note.....	July 1, 1962.....	July 1, 1967.....	3½	12,774,236.86
Note.....	July 1, 1963.....	July 1, 1968.....	3½	2,540,931.33
Note.....	July 1, 1964.....	July 1, 1969.....	4	62,259,621.82
Note.....	July 1, 1965.....	July 1, 1970.....	4½	1,031,008.80
Subtotal.....				78,605,798.81
Secretary of the Interior, Defense Minerals Exploration Administration:				
Notes.....	Various dates.....	Various dates.....	2½	2,000,000.00
Note.....	Aug. 31, 1956.....	July 1, 1966.....	3	1,000,000.00
Note.....	Nov. 19, 1956.....	do.....	3½	1,000,000.00
Note.....	Apr. 22, 1957.....	do.....	3½	1,000,000.00
Note.....	Jan. 30, 1957.....	do.....	3½	1,000,000.00
Note.....	Oct. 11, 1957.....	July 1, 1967.....	3½	1,000,000.00
Note.....	Jan. 17, 1958.....	do.....	3½	1,000,000.00
Note.....	July 1, 1965.....	do.....	4	4,000,000.00
Notes.....	Various dates.....	Various dates.....	3½	20,935,000.00
Subtotal.....				32,935,000.00
Total Defense Production Act of 1950, as amended.....				2,023,240,798.81
District of Columbia Commissioners:				
Stadium sinking fund, Armory Board, D.C., act of Sept. 7, 1957, as amended:				
Note.....	Dec. 1, 1965.....	When funds are available.....	4½	340,800.00
Note.....	June 1, 1966.....	do.....	4½	415,800.00
Total.....				756,600.00
Total securities ².....				26,964,313,962.12

¹ Securities may be redeemed at any time.² These securities were issued to the Treasury in exchange for advances by the Treasury from public debt receipts under congressional authorization for specified Government corporations and business-type activities to borrow from the Treasury.

TABLE 111.—*Summary statements of financial condition of Government corporations and other business-type activities, June 30, 1966*

[In thousands of dollars. On basis of reports received from activities]

Account	Administrative budget funds			Trust funds	
	Public enterprise revolving funds	Intragovernmental revolving funds	General and special funds	Trust revolving funds	Government-sponsored enterprises
ASSETS					
Cash in banks, on hand, and in transit....	288,052	4,621	4,858	5	93,577
Fund balances with the U.S. Treasury ..	8,633,152	2,757,308	5,808,041	99,733	96,261
Investments:					
Public debt securities (par value).....	2,226,708	-----	2,650	452,982	5,460,332
Securities of Government enterprises....	93,818	-----	-----	1	-----
Unamortized premium, or discount (-)	-8,635	-----	-----	-6,686	-21,726
Other securities.....	270,015	-----	7,196,278	-----	-----
Advances to contractors and agents:					
Government agencies.....	15,928	26,055	9,433	1	-----
Other.....	16,221	51,558	24,933	-----	-----
Accounts and notes receivable:					
Government agencies.....	369,814	1,115,122	150,321	54,555	4
Other (net).....	1,087,810	109,507	2,057,259	20,291	160,291
Inventories.....	4,367,246	6,604,389	6,480,532	462	44
Allowance for losses (-).....	-649,191	-6,074	-----	-----	-----
Accrued interest receivable:					
On public debt securities.....	15,437	-----	12	4,281	-----
On securities of Government enterprises.....	1,453	-----	773,046	(*)	-----
Other.....	212,524	-----	556,549	16,024	-----
Loans receivable:					
Government agencies.....	48,400	-----	-----	-----	3,400
Other:					
U.S. dollar loans.....	18,909,974	-----	9,538,659	3,742,816	10,959,174
Foreign currency loans.....	1,123,607	-----	3,684,905	-----	-----
Allowance for losses (-).....	-557,679	-----	-23,569	-99,312	-15,578
Acquired security or collateral (net).....	1,076,908	-----	149	6,140	573
Land, structures, and equipment.....	6,207,625	678,095	8,654,737	920	11,658
Accumulated depreciation (-).....	-1,838,258	-276,918	-3,505,520	-202	-1,888
Foreign currencies.....	268	-----	780,768	-----	-----
Other assets (net).....	4,383,494	388,078	3,617,652	18,075	21,902
Total assets.....	24,462,940	11,451,742	24,581,694	4,310,088	16,768,023
LIABILITIES					
Accounts payable:					
Government agencies.....	127,428	444,639	319,696	-----	4,638
Other.....	667,859	693,655	832,591	60,345	160,852
Accrued liabilities:					
Government agencies.....	625,080	1,071	14,415	2,467	-----
Other.....	164,572	213,391	138,308	26,878	-----
Advances from:					
Government agencies.....	5,001	1,942,564	2	-----	-----
Other.....	24,590	5,271	1	-----	-----
Trust and deposit liabilities:					
Government agencies.....	300,157	3,235	60,597	-----	189
Other.....	268,417	626	13,921	34,429	1,025,519
Bonds, debentures, and notes payable:					
Government agencies.....	97,319	-----	-----	-----	3,400
Other:					
Guaranteed by the United States.....	347,928	-----	-----	-----	-----
Not guaranteed by the United States.....	285,011	-----	-----	3,269,379	10,080,100
Other liabilities (including reserves).....	7,546,165	393,358	1,621,251	16,233	266,364
Total liabilities.....	10,459,629	3,697,811	3,000,782	3,409,732	11,541,061

Footnotes at end of table.

TABLE 111.—*Summary statements of financial condition of Government corporations and other business-type activities, June 30, 1966—Continued*

[In thousands of dollars]

Account	Administrative budget funds			Trust funds	
	Public enterprise revolving funds	Intragovernmental revolving funds	General and special funds	Trust revolving funds	Government-sponsored enterprises
NET INVESTMENT					
U.S. interest:					
Interest-bearing investment:					
Capital stock.....	100,000				
Borrowings from the U.S. Treasury..	17,120,645		4,923,082		
Other.....	1,340,459				
Noninterest-bearing investment:					
Capital stock.....	1,041,000			141,820	176,302
Appropriations.....	18,996,041	565,222	29,593,735		
Capitalization of assets (net).....	1,997,284	444,901	2,459,214		
Other.....	6,526,056	6,628,771	13,066,321		
Accumulated net income, or deficit (—)	—10,751,379	115,037	—4,081,143	48,990	3,204,681
Deposits of general and special fund revenues (—)	—534,946		—3,150,298		
Total U.S. interest.....	35,835,161	7,753,932	42,810,911	190,810	3,381,044
Trust and private interest:					
Principal of fund.....				91,452	
Capital stock.....				111,582	1,531,312
Accumulated net income, or deficit (—)				506,513	314,607
Total trust and private interest.....				709,546	1,845,919
Total liabilities and investment....	46,294,690	11,451,742	45,811,694	4,310,088	16,768,023

* Less than \$500.

¹ Consist mainly of unexpended balances of general, special, and revolving fund accounts against which checks may be drawn to pay proper charges under these funds. The funds are considered assets of the agencies, but not of the U.S. Government since funds must be provided out of cash balances of the Treasurer of the United States and future receipts to take care of checks to be issued against the balances.

² Includes foreign currency assets, representing loans and other receivables recoverable in foreign currencies in U.S. depositories, aggregating \$5,658 million in dollar equivalent. These currencies, acquired primarily without dollar payments, were generated under various Government programs, but principally the Agricultural Trade Development and Assistance Act of 1954, as amended, and the Mutual Security Acts, as amended. Dollar equivalents are computed for reporting purposes to provide a common denominator for the currencies of the many countries involved. Foreign currencies on hand and on deposit and loans under sec. 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended, are stated at the rates as of June 30, 1966, at which the United States could purchase currencies on the market for regular operating purposes. Other loans are stated at the rates at which they are to be repaid or at rates in effect when the loans were extended. Currencies that are dollar denominated or guaranteed as to rate of exchange are stated at rates specified in the agreements.

NOTE.—Business-type activities reporting pursuant to Department Circular No. 966, issued Jan. 30, 1956. Statements of financial condition by type of fund, department, and agency are published quarterly in the monthly "Treasury Bulletin."

TABLE 112.—Statement of loans outstanding of Government corporations and other business-type activities, June 30, 1966

[In thousands of dollars]

Type of loan and lending agency ¹	U.S. dollar loans			Foreign currency loans ²
	Total	Public enterprise revolving funds	Certain other activities	
To Aid AGRICULTURE				
Loans to cooperative associations:				
Farmers Home Administration:				
Direct loan account.....	87,788	87,788		
Rural Electrification Administration.....	4,274,404		4,274,404	
Crop, livestock, and commodity loans:				
Commodity Credit Corporation.....	³ 2,199,351	³ 2,199,351		
Farmers Home Administration:				
Direct loan account.....	1,324	1,324		
Emergency credit revolving fund.....	120,448	120,448		
Storage facility and equipment loans:				
Commodity Credit Corporation.....	32,189	32,189		
Farm mortgage loans:				
Farmers Home Administration:				
Agricultural credit insurance fund.....	197,125	197,125		
Direct loan account.....	329,824	329,824		
Rural housing insurance fund.....	32,470	32,470		
Rural housing loans.....	654,114	654,114		
Other loans:				
Economic opportunity loan fund:				
Loans to aid farmers and rural families.....	45,624	45,624		
Farmers Home Administration:				
Direct loan account.....	707,661	707,661		
Rural housing and other loans.....	1,536	162	1,374	
Senior citizens' rental and rural housing loans.....	30,535	30,535		
Total to aid agriculture.....	8,714,393	4,438,615	4,275,778	
To Aid HOMEOWNERS				
Mortgage loans:				
Federal Home Loan Bank Board:				
Federal Savings and Loan Insurance Corporation.....	143,878	143,878		
Housing and Urban Development Department:				
Federal Housing Administration:				
Community disposal operations fund.....	7,273	7,273		
Revolving fund.....	129,094	129,094		
Federal National Mortgage Association:				
Management and liquidating functions.....	⁴ 905,340	⁴ 905,340		
Special assistance functions.....	⁴ 825,241	⁴ 825,241		
Public Housing programs.....	173	173		
Interior Department:				
Bureau of Indian Affairs:				
Liquidation of Hoonah housing project.....	157	157		
Veterans' Administration:				
Direct loans to veterans and reserves.....	⁴ 443,018	⁴ 443,018		
Loan guaranty revolving fund.....	13,718	13,718		
Other loans:				
Veterans' Administration:				
Direct loans to veterans and reserves.....	35,557	35,557		
Loan guaranty revolving fund.....	⁴ 520,366	⁴ 520,366		
Total to aid homeowners.....	3,023,814	3,023,814		
To Aid INDUSTRY				
Loans to railroads:				
Expansion of defense production:				
Treasury Department.....	7,081	7,081		
Other purposes:				
Interstate Commerce Commission.....	13,807		13,807	
Treasury Department:				
Reconstruction Finance Corporation loans in liquidation.....	4,781		4,781	
Ship mortgage loans:				
Commerce Department:				
Federal ship mortgage insurance fund.....	29,729	29,729		
Maritime Administration.....	78,265		78,265	

Footnotes at end of table.

TABLE 112.—Statement of loans outstanding of Government corporations and other business-type activities, June 30, 1966—Continued

[In thousands of dollars]

Type of loan and lending agency ¹	U.S. dollar loans			Foreign currency loans ²
	Total	Public enterprise revolving funds	Certain other activities	
To AID INDUSTRY—Continued				
Other loans:				
Expansion of defense production:				
Interior Department.....	6,539	6,539		
Treasury Department.....	7,834	7,834		
Defense production guarantees:				
Air Force Department.....	9,396	9,396		
Army Department.....	480	480		
Navy Department.....	5,320	5,320		
Other purposes:				
Commerce Department:				
Economic Development Administration:				
Economic development fund.....	135,744	135,744		
Federal ship mortgage insurance fund.....	77	77		
Housing and Urban development Department:				
Office of the Secretary:				
Urban mass transportation fund.....	5,400	5,400		
Interior Department:				
Bureau of Commercial Fisheries:				
Federal ship mortgage insurance fund, fishing vessels.....	393	393		
Fisheries loan fund.....	5,984	5,984		
Geological Survey.....	1,731		1,731	
Small Business Administration:				
Revolving fund (lending operations).....	\$ 939,419	\$ 939,419		
Treasury Department:				
Civil defense loans.....	476		476	
Reconstruction Finance Corporation loans in liquidation.....	169		169	
Total to aid industry.....	1,252,625	1,153,396	99,229	
To AID EDUCATION				
Health, Education, and Welfare Department:				
Office of Education:				
Loans for construction of academic facilities.....	58,064		58,064	
Loans to institutions and nonprofit schools.....	7,115		7,115	
Loans to students in institutions of higher education.....	712,455		712,455	
Public Health Service:				
Loans to institutions and nonprofit schools.....	34,527		34,527	
Housing and Urban Development Department:				
Office of the Secretary:				
College housing loans.....	2,244,430	2,244,430		
Total to aid education.....	3,056,592	2,244,430	812,161	
To AID STATES, TERRITORIES, ETC.				
Commerce Department:				
Economic Development Administration:				
Economic development fund.....	26,000	26,000		
General Services Administration:				
Public Works Administration (in liquidation).....	56,749		56,749	
Health, Education, and Welfare Department:				
Public Health Service.....	4,700		4,700	
Housing and Urban Development Department:				
Office of the Secretary:				
Liquidating programs.....	6,252	6,252		
Public facility loans.....	212,681	212,681		
Urban renewal fund.....	222,254	222,254		
Public Housing programs.....	56,835	56,835		
Interior Department:				
Bureau of Reclamation.....	107,961		107,961	
Office of Territories:				
Alaska public works.....	893		893	
National Capital Planning Commission.....	767		767	
Treasury Department:				
Miscellaneous loans and certain other assets.....	160,645		160,645	
Total to aid States, Territories, etc.....	855,737	524,021	331,715	

Footnotes at end of table.

TABLE 112.—Statement of loans outstanding of Government corporations and other business-type activities, June 30, 1966—Continued

(In thousands of dollars)

Type of loan and lending agency ¹	U.S. dollar loans			Foreign currency loans ²
	Total	Public enterprise revolving funds	Certain other activities	
FOREIGN LOANS				
Foreign military sales fund:				
Defense Department.....	43,306	43,306		
Military assistance credit sales:				
Defense Department.....	1,549		1,549	
Other purposes:				
Agency for International Development:				
Alliance for Progress, development loans.....	800,184	800,184		
Development loans.....	2,273,380	2,273,380		
Development loan fund liquidation account.....	286,646	286,646		1,123,607
Loans to U.S. firms and domestic or foreign firms in foreign countries.....				137,980
All other loans.....	1,669,696		1,669,696	3,546,925
Commerce Department:				
Maritime Administration.....	1,381		1,381	
Export-Import Bank of Washington:				
Regular lending activities.....	⁶ 3,611,792	⁶ 3,611,792		
Treasury Department:				
Miscellaneous loans and certain other assets.....	3,153,951		3,153,951	
Total foreign loans.....	11,841,884	7,015,307	4,826,577	4,808,512
OTHER LOANS				
General Services Administration:				
Surplus property credit sales and liquidation activities.....	120,479		120,479	
Housing and Urban Development Department:				
Office of the Secretary:				
Housing for the elderly or handicapped.....	147,457	147,457		
Liquidating programs.....	4,151	4,151		
Rehabilitation loan fund.....	468	468		
Public Housing programs.....	567	567		
Interior Department:				
Bureau of Indian Affairs:				
Loans for Indian assistance.....	9		9	
Revolving fund for loans.....	24,239	24,239		
Small Business Administration:				
Revolving fund (lending operations).....	⁷ 321,225	⁷ 321,225		
State Department:				
Loans to United Nations.....	102,074		102,074	
Treasury Department:				
Miscellaneous loans and certain other assets.....	40		40	
Veterans' Administration:				
Insurance appropriations policy loans.....	1,020		1,020	
Service-disabled veterans' insurance fund.....	5,107	5,107		
Soldiers' and sailors' civil relief.....	14	14		
Veterans' reopened insurance fund.....	21	21		
Veterans' special term insurance fund.....	7,050	7,050		
Vocational rehabilitation revolving fund.....	89	89		
Total other loans.....	734,012	510,390	223,622	
Total loans ⁸	⁹ 29,479,056	18,909,974	¹⁰ 10,569,082	4,808,512

Footnotes on next page.

Footnotes to table 112.

¹ Includes purchase money mortgages, mortgages purchased from insured lending institutions to prevent default, and similar long-term paper held by the agencies. Prior to June 30, 1960, these assets had been classified as accounts and notes receivable or other assets. This table excludes interagency loans and those made by deposit and trust revolving funds.

² The dollar equivalents of these loans are computed for reporting purposes at varying rates. Where the loan agreements stipulate a dollar denominated figure, the loans outstanding are generally valued at the agreement rates of exchange. Loans executed in units of foreign currency are valued at the market rates (i.e., the rates of exchange at which the Treasury sells such currencies to Government agencies).

³ Certificates of interest in the amount of \$855 million, issued against certain of these loans, were outstanding as of June 30, 1966.

⁴ Has been reduced by participation certificates issued under trust agreements by the Federal National Mortgage Association, participation sales fund. The face amounts of participation certificates outstanding for these programs as of June 30, 1966, were:

Federal National Mortgage Association:	<i>In millions</i>
Special assistance functions.....	\$655
Management and liquidating functions.....	130
Veterans' Administration:	
Direct loans to veterans and reserves.....	769
Loan guaranty revolving fund.....	206

⁵ Participation certificates amounting to \$290 million, issued against certain of these loans, were outstanding as of June 30, 1966.

⁶ Participation certificates amounting to \$1,385 million, issued against certain of these loans, were outstanding as of June 30, 1966.

⁷ Participation certificates amounting to \$60 million, issued against certain of these loans, were outstanding as of June 30, 1966.

⁸ Excludes World War I funded and unfunded indebtedness of foreign governments, and World War II indebtedness of foreign governments involving lend-lease articles, surplus property sales agreements, and certain other credits shown in table 105.

⁹ Does not include foreign currency loans.

¹⁰ Includes loans in the amount of \$1,030 million excluded from table 111.

NOTE.—The "Treasury Bulletin" for December 1966 contained on pp. 151-152, a table by years beginning with 1955 showing loans outstanding including those by deposit and trust revolving funds. Statistical statements of financial condition by agencies as of June 30, 1966, were published in the same issue. Statements of income and expense, and source and application of funds by agencies as of June 30, 1966, were published in the "Treasury Bulletin" for January 1967.

TABLE 113.—*Dividends, interest, and similar earnings received by the Treasury from Government corporations and other business-type activities, fiscal years 1965 and 1966*

Agency and nature of earnings	Amounts	
	1965	1966
Agency for International Development:		
Development loan fund liquidation account, earnings.....	\$8,491,548.78	\$12,608,609.05
Mutual defense program—economic assistance, interest on borrowings.....	12,538,946.83	11,567,400.25
Civil Service Commission, investigations, earnings.....	5,203.39	413.49
Commerce Department:		
National Bureau of Standards, working capital fund, earnings.....	63,268.22	258,538.06
Maritime Administration, Federal ship mortgage insurance fund, interest on borrowings.....	352,907.43	198,563.13
Commodity Credit Corporation:		
Interest on capital stock.....	3,625,000.00	3,750,000.00
Interest on borrowings.....	455,236,493.75	298,292,589.81
Export-Import Bank of Washington:		
Regular activities:		
Dividends.....	50,000,000.00	50,000,000.00
Interest on borrowings.....	15,139,091.63	13,774,730.07
Farm Credit Administration:		
Banks for cooperatives, franchise tax.....	1,873,609.52	1,738,343.58
Federal intermediate credit banks, franchise tax.....	3,093,150.30	3,092,371.34
Farmers Home Administration:		
Rural housing direct loan account, interest on borrowings.....	19,799,764.16	22,360,171.69
Direct loan account, interest on borrowings.....	13,805,468.15	17,423,388.19
Agricultural credit insurance fund, interest on borrowings.....	2,762,728.91	6,517,948.86
Federal Housing Administration, general insurance fund, interest on borrowings.....		192,679.56
Federal National Mortgage Association:		
Management and liquidating functions:		
Earnings.....	15,000,000.00	
Interest on borrowings.....	36,838,176.94	29,671,185.11
Secondary market operations:		
Dividends.....	2,712,844.52	1,890,000.00
Interest on borrowings.....	1,260,656.59	6,021,071.67
Special assistance functions, interest on borrowings.....	50,033,712.11	37,760,001.06
Federal Prison Industries, Inc., earnings.....	4,000,000.00	4,000,000.00
General Services Administration:		
Buildings management fund, earnings.....	898,750.86	704,171.67
Federal telecommunications fund, earnings.....	1,998,337.46	
General supply fund, earnings.....	4,802,170.98	
Working capital fund, earnings.....	66,906.06	22,991.56
Government Printing Office, earnings.....	8,003,282.89	8,104,294.35
Interior Department:		
Bureau of Commercial Fisheries:		
Federal ship mortgage insurance fund, fishing vessels, interest on borrowings.....		421.62
Bureau of Reclamation:		
Colorado River Dam fund, Boulder Canyon project, interest.....	2,857,153.08	2,755,030.93
Upper Colorado River storage project, interest.....	751,635.00	5,766,110.00
Virgin Islands Corporation:		
Interest on appropriations and paid-in capital.....	358,154.04	
Interest on borrowings.....	47,868.88	47,868.88
Labor Department:		
Farm labor supply revolving fund, repayment of earnings.....	399,197.99	160,000.00
Office of Economic Opportunity:		
Economic opportunity loan fund, interest on appropriations.....	124,230.30	1,299,605.22
Panama Canal Company, interest on net direct investment of the Government.....	11,335,731.95	12,179,227.95
Public Housing programs, interest on borrowings.....	187,065.17	
Rural Electrification Administration, interest on borrowings.....	77,489,648.33	81,904,375.90
St. Lawrence Seaway Development Corp., interest on borrowings.....	4,000,000.00	4,700,000.00
Secretary of Housing and Urban Development:		
College housing loans, interest on borrowings.....	48,968,488.66	56,517,717.30
Public facility loans, interest on borrowings.....	4,902,842.95	6,217,412.20
Urban renewal fund, interest on borrowings.....	5,894,658.10	7,544,378.44

Footnotes at end of table.

TABLE 113.—*Dividends, interest, and similar earnings received by the Treasury from Government corporations and other business-type activities, fiscal years 1965 and 1966—Continued*

Agency and nature of earnings	Amounts	
	1965	1966
Secretary of the Treasury (Federal Civil Defense Act of 1950, as amended), interest on borrowings.....	\$4, 198. 03	-----
Small Business Administration, interest on appropriations.....	30, 740, 195. 05	\$38, 924, 720. 85
Tennessee Valley Authority:		
Earnings.....	42, 599, 978. 53	43, 873, 083. 93
Interest on borrowings.....	2, 395, 518. 94	2, 761, 145. 26
Treasury Department:		
Federal Farm Mortgage Corp. liquidation fund, dividends.....	279, 243. 60	33, 115. 00
U.S. Information Agency, informational media guaranties fund, interest on borrowings.....	656, 068. 05	-----
Veterans' Administration:		
Canteen service revolving fund, profits.....	1, 119, 679. 00	895, 784. 00
Direct loans to veterans and reserves, interest on borrowings.....	36, 324, 414. 84	33, 978, 149. 40
Rental, maintenance, and repair of quarters, profits.....	243. 50	2, 654. 00
Veterans' reopened insurance fund, earnings.....	-----	64, 892. 47
Defense Production Act of 1950, as amended:		
General Services Administration, interest on borrowings.....	111, 475, 844. 26	13, 879, 173. 38
Secretary of Agriculture, interest on borrowings.....	12, 114, 621. 82	153, 229. 17
Secretary of the Interior (Defense Minerals Exploration Administration), interest on borrowings.....	1, 357, 200. 00	428, 000. 00
District of Columbia Commissioners, stadium sinking fund, Armory Board, District of Columbia, interest on borrowings.....	6, 611. 53	10, 769. 50
Total.....	1, 108, 792, 511. 08	844, 046, 327. 90

Government Losses in Shipment

TABLE 114.—Government losses in shipment revolving fund, June 30, 1966

[Established July 8, 1937, under authority of the Government Losses in Shipment Act, as amended (5 U.S.C. 134-134h)]

SECTION I—STATUS OF FUND

Transactions	Cumulative through June 30, 1965	Fiscal year 1966	Cumulative through June 30, 1966
Receipts:			
Appropriations.....	\$1,352,000.00		\$1,352,000.00
Transferred from securities trust fund pursuant to: 5 U.S.C. 134b.....	91,803.13		91,803.13
Transferred from the account "Unclaimed partial payments on U.S. savings bonds" pursuant to: Public Law 85-354.....	50,000.00		50,000.00
Public Law 86-561.....	100,000.00		100,000.00
Public Law 87-575.....	525,000.00		525,000.00
Recoveries of payments for losses.....	486,651.98	\$3,263.36	489,915.34
Repayments to the fund.....	3,924.32		3,924.32
Total receipts.....	2,609,379.43	3,263.36	2,612,642.79
Expenditures:			
Payment for losses.....	2,429,151.98	138,501.04	2,567,653.02
Other payments (refunds, etc.).....	92.57		92.57
Total expenditures.....	2,429,244.55	138,501.04	2,567,745.59
Balance in fund.....	180,134.88	135,237.68	44,897.20

NOTE.—This statement excludes contingent liabilities for pending claims against the fund as of June 30, 1966, totaling \$7,693.35.

SECTION II—AGREEMENTS OF INDEMNITY ISSUED BY THE TREASURY DEPARTMENT

Agreements of indemnity ¹	Number	Amount
Issued through June 30, 1965.....	1,872	\$3,681,072.58
Issued during the fiscal year 1966.....	13	21,960.28
Total issued.....	1,885	3,703,032.86
Canceled through June 30, 1966.....	32	1,056,192.03
In force as of June 30, 1966.....	1,853	2,646,840.83

¹ The Government has not sustained any actual monetary loss in connection with its liability under these agreements of indemnity.

SECTION III—CLAIMS MADE AND SETTLED

Claims	Number	Amount
Received:		
Through June 30, 1965.....	7,550	\$8,875,399.70
During fiscal year 1966 and processed by: Bureau of Accounts.....	114	86,700.39
Bureau of the Public Debt.....	123	101,458.48
Total claims received through June 30, 1966.....	7,787	9,063,558.57
Settled:		
Through June 30, 1965.....	7,523	8,858,292.61
During fiscal year 1966 and processed by: Bureau of Accounts: For payment out of the fund.....	44	39,000.07
For credit in appropriate accounts.....	71	56,817.73
Without payment or credit.....	2	303.25
Bureau of the Public Debt: For payment out of the fund: U.S. savings bonds redemption cases.....	118	98,864.09
Armed Forces leave bonds redemption cases.....	2	636.88
Without payment or credit, U.S. savings bonds redemption cases.....	3	1,194.75
Total claims settled through June 30, 1966.....	7,763	9,055,109.38
Unadjusted as of June 30, 1966 ¹.....	24	8,449.19
Total.....	7,787	9,063,558.57

¹ Includes claims in process of adjustment by the Bureau of the Public Debt.

Personnel

TABLE 115.—*Number of employees in the departmental and field services of the Treasury Department quarterly from June 30, 1965, to June 30, 1966*¹

Organizational unit	June 30, 1965	Sept. 30, 1965	Dec. 31, 1965	Mar. 31, 1966	June 30, 1966	Increase, or decrease (-) since June 30, 1965
Office of the Secretary ²	834	831	826	811	860	26
Comptroller of the Currency, Office of.....	1,687	1,689	1,702	1,678	1,727	40
Customs, Bureau of.....	9,567	9,412	9,167	9,215	9,808	241
Engraving and Printing, Bureau of.....	2,996	2,999	2,904	2,947	3,068	72
Fiscal Service:						
Accounts, Bureau of.....	1,518	1,450	1,376	1,406	1,420	-98
Public Debt, Bureau of the.....	2,014	1,955	1,894	1,889	1,968	-46
Treasurer of the United States, Office of the.....	994	955	954	957	999	5
Internal Revenue Service.....	60,360	60,025	59,902	³ 67,942	61,689	1,329
Mint, Bureau of the.....	1,485	1,628	1,835	2,025	2,129	644
Narcotics, Bureau of.....	444	444	455	455	454	10
U.S. Coast Guard.....	5,322	5,191	5,163	5,251	5,504	182
U.S. Savings Bonds Division.....	548	539	537	527	541	-7
U.S. Secret Service.....	992	1,101	1,111	1,151	1,189	197
Total civilian employees.....	88,761	88,219	87,826	96,254	91,356	2,595
Military employees—U.S. Coast Guard.....	31,776	33,261	33,464	34,375	35,289	3,513
Grand total.....	120,537	121,480	121,290	130,629	126,645	6,108

¹ Actual number of employees on the last day of the month and any intermittent employees who worked at any time during the month.

² Includes Office of the Assistant Secretary for International Affairs.

³ Includes seasonal employees.

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